House of Assembly
Nova Scotia

Report

Commission of Inquiry
on
Remuneration of Elected
Provincial Officials

December 2003

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Office of the Commission of Inquiry
on Remuneration of Elected Provincial Officials

Arthur R. Donahoe, Q.C.
Commissioner

December 10, 2003

The Honourable Murray K. Scott
Speaker of the House of Assembly
Province House
Halifax, Nova Scotia

Dear Mr. Speaker

I was appointed a Commissioner pursuant to subsection 45 (1) of the House of Assembly Act, Chapter 1 (1992 Supplement) of the Revised Statutes, 1989, as amended, to make an Inquiry and a Report respecting the indemnities, allowances and salaries to be paid pursuant to that Act, the Executive Council Act and the Members' Retiring Allowances Act.

I have completed the Inquiry. The Report is attached.

Respectfully submitted,

Arthur R. Donahoe, Q.C.
Commissioner

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NOVA SCOTIA

COMMISSION OF INQUIRY

ON

REMUNERATION OF ELECTED

PROVINCIAL OFFICIALS

DECEMBER 2003

Errata

Paragraph 3, page 25 is deleted and the following submitted:

In order to partially redress a situation which is untenable the salary paid to the Premier should be set at a level equal to 40% of the salary paid to the Chief Judge of the Provincial Court of Nova Scotia. Using current numbers this would still leave the Premier's total compensation approximately 10% lower than that of the Chief Judge of the Provincial Court (it is currently approximately 40% lower) but would move closer to the desirable goal of equality in compensation for two of the highest positions in our system of governance.

Paragraph 5, page 25 is deleted and the following substituted:

The salary of the Deputy speaker should continue to be 50% of the salary of the Speaker and the salary of the Leader of a Recognized Party should be 50% of the salary of the Premier.

Page 26, the percentage in the first recommendation for deferred action is changed from 50% to 40%.

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Foreword

I believe that politics is the most important and responsible civil activity to which a man may devote his character, his talents and his energy. We must, in our own interests, elevate politics into statesmanship and statecraft. We must aim at a condition of affairs in which we shall no longer reserve the dignified name of statesman for a Churchill or a Roosevelt, but extend it to lesser men who give honourable and patriotic service in public affairs. It is true that most men of ability prefer the objective work of science, the law, literature, scholarship or the immediately stimulating and profitable work of manufacturing, commerce or finance. The result is that our legislative assemblies are a fair popular cross-section, not a corps d'elite. The first class mind is comparatively rare. We discourage young men of parts by confronting them with poor material rewards, precariousness of tenure, an open public cynicism about their motives, and cheap sneers about their real or supposed search for publicity. The reason for this wrong-headedness, so damaging to ourselves, is that we have treated democracy as an end and not as a means. It is almost as if we had said, when legislatures freely elected by the votes of all adult citizens came into being: "Well, thank heaven we have achieved democracy. Let us now devote our attention to something new." Yet the true task of the democrat only begins when he is put in possession of the instruments by which the popular will may be translated into authoritative action. In brief, we cannot sensibly devote only one per cent of our time to something which affects ninety-nine percent of our living.

Sir Robert Menzies (1894-1978)
Prime Minister of Australia (1939-1941 and 1949-1966)
New York Times Magazine
November 28,1948

BACKGROUND AND MANDATE

The House of Assembly Act provides in subsection 45 (1) that the Speaker, after appropriate consultation, shall on or before the first day of October in each year appoint persons to make an Inquiry and a Report respecting the Indemnities, Allowances and Salaries to be paid pursuant to the House of Assembly Act, the Executive Council Act and the Members' Retiring Allowances Act.

Subsection 45 (3) provides that upon receipt of the Report, the Speaker shall cause the recommendations to be implemented, and "...they shall have the same force and effect as if enacted by the Legislature and are in substitution for the provisions of this Act (*House of Assembly Act*), the Executive Council Act and the Members' Retiring Allowances Act, as the case may be."

Subsection 45 (4) provides that the recommendations apply, from the first day of January immediately following the year in which the persons are appointed to make the report, until subsequently changed.

Amendments to Section 45, passed by the Legislature in 2001 and 2002, provided that, in the years 2001 and 2002, the Speaker should not appoint persons pursuant to subsection 45 (1) and, for the years 2002 and 2003, increases in salaries paid pursuant to the House of Assembly Act and the Executive Council Act were equated to the average percentage increase in salary paid to members of the Civil Service in the Management Compensation Pay Plan. Thus there has been no inquiry and report pursuant to Section 45 since 2000 and the 2001 and 2002 amendments resulted in increases of 2% in both 2002 and 2003.

A copy of Section 45 of the House of Assembly Act, as amended, is attached as Appendix A.

On September 26, 2003, the Speaker, the Honourable Murray Scott, M.B. appointed Arthur R. Donahoe, Q.C., a Commissioner to carry out the present Inquiry. The Speaker directed that the Inquiry and Report shall deal with the Indemnities, Allowances and Salaries paid in accordance with the House of Assembly Act, the Executive Council Act and the Members' Retiring Allowances Act. A copy of the letter of appointment is attached as Appendix B. Also attached as part of Appendix B are copies of letters regarding the extension of time for presentation of the Report.

The Commission engaged the services of Nancy Kinsman, Secretary to the Speaker, as Secretary.

I invited opinions, advice and comments from members of the public through notices published in the daily and weekly newspapers in the Province. A mailing address, telephone and facsimile numbers and e-mail address were provided. A letter was sent to each member of the current House of Assembly and to each Caucus Chair inviting submissions.

In response to the invitation extended, two of the Party Leaders and a number of Cabinet Ministers met with me. All three Caucus Chairs declined the invitation to make submissions. An informal invitation to members of the Legislative Press Gallery to present their views was also declined.

A Public Hearing was held in the Red Chamber at Province House in Halifax on November 19, 2003. A copy of the advertisement published and a list of publications and the dates on which they appeared can be found in Appendices C and D.

The names of the two people who made presentations at the hearing appear in Appendix E.

Letters and E-mails have been received from several people.

I placed reliance upon information received through the Legislative Library from the Federal, Provincial, and Territorial jurisdictions with respect to current information concerning Indemnities, Allowances and Pension and Retiring arrangements in those jurisdictions. I also had reference to a study of Commonwealth Parliamentary Salaries and Allowances, 2000 - 2001, prepared and published by the Commonwealth Parliamentary Association at its Secretariat in London, U.K. I also received information from the Office of the Speaker of the Nova Scotia House of Assembly and the Provincial Deparatments of Human Resources and Finance.

This report differs in one major way from those presented by previous Commissioners appointed pursuant to Section 45 of the House of Assembly Act. Section 45 of the House of Assembly Act was originally enacted and assented to by the House of Assembly on June 1, 1983 as Section 43 A of Chapter 128 of the Revised Statutes 1967 the House of Assembly Act. The object and purpose of the new Section 43 A was to ensure that the Members of the Legislature did not set their own remuneration. In previous years, the Members voted their remuneration each year and prior to that each session. Originally the Members were paid what is paid a *sessional indemnity* for each session the House sat. When the House began to sit more than once a year, the Members voted themselves an indemnity and a tax free allowance for the calendar year. In 1977 and 1982 a Commission of Inquiry was appointed pursuant to the Public Inquiries Act to recommend the remuneration of Members. These recommendations were implemented by a vote of the House. The new Section 43 A, now Section 45 of the present House of Assembly Act, changed that practice. In addition it went one step further in that the recommendations of the Commissioner had to be implemented by the Speaker without any further action. The recommendations of the Commissioner would apply from the first day of January in the year immediately following the December date when the Commissioner reported.

It is my view that the principal concept behind Section 45 is that the Members should not set their own remuneration. This is not the practice in a number of the legislatures across the country including the Parliament of Canada. In a great number of those bodies the legislature still

sets the indemnity and remuneration.

Previous Commissioners have taken the view that, because the section requires an annual appointment, they were constrained from making recommendations beyond those which take effect at the beginning of the next year. Past reports have contained "recommendations" for actions that had to be implemented in the following year and some have contained "proposals" respecting longer range changes.

This approach has caused me considerable difficulty as I have concluded that some sweeping changes are needed but that it is not practical or advisable to impose them for next year. A number of the changes I believe are required should be the subject of consideration by MLAs and the public prior to implementation.

The House of Assembly Act does not explicitly provide that the Commissioner is precluded from making recommendations for years following that subsequent to presentation of the Report. Subsection 45 (4) provides that recommendations "apply, from the first day of January".

Some of my recommendations, those likely to be considered the most sweeping, extend past the year 2004. I recognize that a subsequent commission might change those recommendations before they come into effect. They are also, of course, subject to any changes legislated by the House of Assembly.

Accordingly, the approach I am taking with respect to some of my recommendations is unprecedented but I believe it to be based on a valid interpretation of Section 45 of the House of Assembly Act. It is also hoped that, despite an obvious lack of interest during the term of the Inquiry, some of the recommendations contained herein will provoke public discourse on the matter of appropriate remuneration for persons who come within its ambit, and on the position of the Hosue of Assembly in Nova Scotia's democratic system.

INDEMNITIES, ALLOWANCES AND SALARIES OF MLAS

Among Nova Scotia's most highly prized traditions is its long adherence to a democratic form of government. One of our most valued accomplishments is the achievement of responsible government in 1848, the first jurisdiction in what became Canada and the overseas Commonwealth to begin governing itself in this way.

In September 1997, representatives of 128 national Parliaments meeting at an Inter-Parliamentary Conference in Cairo adopted a *Universal* Declaration on Democracy. Three of the twenty-seven fundamental principles set out in the Declaration concern the elements and exercise of democratic government and are as follows:

> Democracy is founded on the right of everyone to take part in the management of public affairs; it therefore requires the existence of representative institutions at all levels and, in particular, a Parliament in which all components of society are represented and which has the requisite powers and means to express the will of the people by legislating and overseeing government action.
>
> It is an essential function of the state to ensure the enjoyment of civic, cultural, economic, political and social rights to its citizens. Democracy thus goes hand in hand with an effective, honest and transparent government, freely chosen and accountable for its management of public affairs.
>
> Public accountability, which is essential to democracy, applies to all those who hold public authority, whether elected or non-elected, and to all bodies of public authority without exception. Accountability entails a public right to petition government, and to seek redress through impartial administrative and judicial mechanisms.

From these statements, with which few disagree, several conclusions emerge, among them that accountability applies not only to governments but to Parliaments and Legislatures themselves.

Principles relating to remuneration of MLAs enunciated by the Commissioners appointed in 1983 remain as valid today as they were then and are reproduced here from their report:

> "While there is no 'standard' MLA, we have the task of assessing standards for their remuneration. In our view, that task involves developing a standard for fair and reasonable indemnities, allowances and salaries based on certain principles. Those principles enunciated in previous reports include:
>
> 1) remuneration should be adequate in light of the time and responsibilities involved in office and the risks of disruption of career and personal opportunities so that our political parties and their leaders, upon whom

parliamentary government depends, may attract the most able persons among us to seek office and not deter the best of those elected from accepting and continuing full-time service in government;

2) remuneration should be reasonable so that the person who has no personal financial resources except through his vocational earnings, which may be terminated or seriously affected if he is elected, is not dissuaded from seeking office to serve the province merely because of financial circumstances;

3) remuneration should be adequate to ensure that MLAs and Ministers are supported without unfair financial sacrifice upon them or their families, particularly for those in their prime earning years when family and other obligations are likely to be heavy.

Remuneration and support that is fair and reasonable will not unduly encourage anyone interested primarily in financial reward for the balanced judgement of political parties and the electorate can be counted upon to reject those not primarily interested in public service. Nor will such remuneration result in any significant advantage for any elected member who happens to be comparatively well-to-do, for our progressive income tax structure precludes that result."

Application of these principles to my task is not easy, but does provide the basis for a general approach. We live in a time when public regard for elected persons is very low. There are many reasons for this which will not be considered here. But surely among them is a perception that many elected people endeavour to operate behind a veil of secrecy. There is no doubt that some opacity is required and rules which endeavour to foster fair play are not always easily understood, but it is only by making the elements of the political process more transparent that public cynicism can begin to be countered. In my view, one part of the MLA's compensation package is not well understood and contributes to the idea that there is something clandestine about their remuneration. Removal of this element would make an MLA's compensation more transparent and understandable by the public who pay for it.

At the same time, the compensation level must be sufficient to attract capable people to seek elected public service. Numerous people made this point to me privately during the course of the inquiry. There must be adequate remuneration to allow a person to take a period out of a career or away from a business, at a time in their lives when their earning potential is at its highest, be able to maintain a standard of living at a level equivalent to that which one similarly qualified would maintain in the private sector, and be penalized as little as possible on return to private life.

Most observers consider that modern Parliaments and Legislatures have three main functions and identify these as:

1. The legislative function (including participation in the making of public policy through lawmaking, parliamentary enquiries, et cetera);

2. The oversight function (carried out mainly, but not exclusively, by the "loyal opposition");
3. The representative function (which allows Members to address the problems of their constituents and promote their interests).

Individual members in performing their jobs personalize these functions and are expected to be: ombudsmen dealing with complaints about government matters; lawmakers; spokespersons for local interests; examiners of the work of government and how it spends money raised from taxes, and contributors to debates on public issues. Members require a wide range of abilities and talents, which naturally not all possess to the same degree.

A previous Commissioner in carrying out a task identical to mine several years ago set out the situation well in his report by saying:

> "Being elected to the Legislature is a high calling. It is an honourable occupation, signifying trust and confidence by the Electors. The expectation of the Electors is equally high. As government, over the years, has become more involved in the lives and affairs of our citizens, the needs and requirements of those whom members serve, have increased. Whether it be a matter of completing a form, or seeking advice or determining the details of a government program or making representations on social, community or policy issues, the member occupies the first line of approach. Often requests for assistance relate to all levels of government namely, Provincial, Federal or Municipal. This is to be expected because constituents are not always able to determine which level has jurisdiction over a given matter. The demands and pressures on MLAs are quite different than those experienced in most forms of employment.
>
> The work of the MLA has become a full time, year round occupation. This applies to all 52 members. Seldom does a member have a day off duty without being interrupted by the business of constituents. The result is that few have second occupations or other sources of income. Where a shortfall occurs, they must resort to personal resources."

For some years the House has been sitting twice each year and, when hours are extended, a sitting day may last ten or twelve hours. Table 1 sets out statistics concerning sitting days per session since 1974 with extended hours information since 1985.

Table 1

SITTING DAYS PER SESSION OF THE NOVA SCOTIA LEGISLATURE

1974 - 2003

Year	Assembly	Session	Sitting Days	Total Days of Extended Hours
1974	51st Assembly	1st Session	41 days	
1975-76		2nd Session	69 days	
1976-77		3rd Session	55 days	
1977-78		4th Session	58 days	
1978		5th Session	54 days	
1978-79	52nd Assembly	1st Session	77 days	
1980		2nd Session	64 days	
1981		3rd Session	83 days	
1982	53rd Assembly	1st Session	87 days	
1983		2nd Session	64 days	
1984		3rd Session	67 days	
1985	54th Assembly	1st Session	50 days	
1986		2nd Session	56 days	32 days
1987		3rd Session	59 days	22 days
1988		4th Session	56 days	19 days
1989	55th Assembly	1st Session	72 days *Prorogued*	28 days
1990		1st Session	76 days	29 days
1991		2nd Session	40 days	24 days
1992		3rd Session	51 days	39 days
1993	56th Assembly	1st Session	52 days	28 days
1994		2nd Session	57 days	33 days
1994-95		2nd Session	62 days	46 days
1995		3rd Session	34 days	20 days
1995-96		3rd Session	47 days	34 days
1996		4th Session	35 days	12 days
1996		4th Session	25 days	16 days
1997		5th Session	22 days	13 days
1997		6th Session	17 days	6 days
		House Dissolved - February 12, 1998 *General Election - March 24, 1998*		
1998-99	57th Assembly	1st Session	96 days	44 days
		House Dissolved - June 18, 1999 *General Election - July 27, 1999*		
1999-2000	58th Assembly	1st Session	108 days	88 days
2001-2003		2nd Session	133 days	69 days
Mar-May 2003		3rd Session	37 days	22 days
		House Dissolved - July 5, 2003 *General Election - August 5, 2003*		
Sept-Oct 2003	59th Assembly	1st Session	24 days	7 days

Because the party caucus chairpersons declined to meet with me, I did not receive current estimates of the number of hours that a member spends carrying out required duties. Examples given to a previous Commissioner indicate that non-Cabinet MLAs spend anywhere from 60 to 85 or more hours per week on matters relating to their elected position. My own experience would indicate that, for most members, actual time spent is in the higher part of the range.

I am strengthened in this view by the evidence given recently by an MLA to the Nova Scotia Utility and Review Board affirming that the work of a municipal councillor in the Halifax Regional Municipality has also become full-time. Although an MLA has more support through the caucus offices, the time required makes the MLA's position more demanding, though in different ways, than most other occupations.

Indeed, it is the unique nature of the job which makes comparisons with other occupations unfair.

Therefore, with respect, I disagree with the proposition that any increase given to MLAs should be related to increases given to persons in the Civil Service, although these can be considered, along with the financial situation of the Province and other economic factors, in determining what level of increase might be appropriate.

Table 2 shows a summary of the indemnities, allowances and salaries for MLAs, salaried members and members of the Executive Council of Nova Scotia from 1985 to the present.

Table 2
Summary of Indemnities, Allowances and Salaries for
MLA's Salaried Members and Members of the Executive Council of Nova Scotia

1985 - 2003

YEAR	ANNUAL INDEMNITY	ANNUAL EXPENSE ALLOWANCE	SPEAKER	DEPUTY SPEAKER	LEADER OF OPPOSITION	LEADER OF RECOGNIZED PARTY	MINISTER WITHOUT PORTFOLIO	MINISTER WITH PORTFOLIO	PREMIER
1985	$20,280	$10,140	$31,670	$15,835	$31,670	$15,835	$ 7,500-$31,670	$31,670	$40,860
1986	$27,315	$10,340	$32,300	$16,150	$32,300	$16,150	$ 7,500-$32,300	$32,300	$41,675
1987	$28,860	$10,550	$32,950	$16,475	$32,950	$16,475	$ 7,500-$32,950	$32,950	$42,510
1988	$28,695	$10,865	$33,935	$16,970	$33,935	$16,970	$ 7,500-$33,935	$33,935	$43,785
1989	$28,695	$12,450	$35,290	$17,650	$35,290	$17,650	$ 7,500-$35,290	$35,290	$45,535
1990	$30,130	$15,065	$37,055	$18,533	$37,055	$18,533	$ 7,500-$37,055	$37,055	$52,012
1991(1)	$30,130	$15,065	$37,055	$18,533	$37,055	$18,533	$ 7,500-$37,055	$37,055	$52,012
1992 (1)	$30,130	$15,065	$37,055	$18,533	$37,055	$18,533	$ 7,500-$37,055	$37,055	$52,012
1993(1)	$30,130	$15,065	$37,055	$18,533	$37,055	$18,533	$ 7,500-$37,055	$37,055	$52,012
1994(2)	$30,130	$15,065	$37,055	$18,533	$37,055	$18,533	$ 7,500-$37,055	$37,055	$52,012
1995(2)	$30,130	$15,065	$37,055	$18,533	$37,055	$18,533	$ 7,500-$37,055	$37,055	$52,012
1996(2)	$30,130	$15,065	$37,055	$18,533	$37,055	$18,533	$ 7,500-$37,055	$37,055	$52,012
1997(3&4)	$30,130	$15,065	$37,055	$18,533	$37,055	$18,533	$ 7,500-$37,055	$37,055	$52,012
1998(4)	$30,130	$15,065	$37,055	$18,533	$37,055	$18,533	$ 7,500-$37,055	$37,055	$52,012
1999	$31,034	$15,517	$37,055	$ 6,178	*$27,794	*--------	$7,500-$37,055	$37,055	$52,012
2000	$31,034	$15,517	$37,055	$ 6,178	*$27,794	*--------	$7,500-$37,055	$37,055	$52,012
2001	$31,965	$15,982	$38,167	$ 6,363 x3	$38,167	$19,089	$38,167	$38,167	$53,572
2002	$32,604	$16,302	$38,930	$ 6,490 x3	$38,930	$19,471	$38,930	$38,930	$54,644
2003	$33,256	$16,628	$39,708	$ 6,620 x3	$39,709	$19,860	$39,708	$39,708	$55,737

Notes:
(1) Effective May 14, 1991 all of the above rates were frozen until January 1, 1994.
(2) From April 1, 1993 until March 31, 1994 rates were reduced by 2%. On April 1, 1994, the 2% was restored.
(3) From November 1, 1994 to October 31, 1997 all rates were frozen and also subject to a rollback of 3%.
(4) On November 1, 1997 the 3% was restored.

* Reflects composition of The House of Assembly at the time

I do not intend to try to review the Province's financial situation and government policies which have brought it about, but it is a factor which cannot be ignored. As previous Commissioners have stated, it cannot be the one and only factor determining the remuneration of elected public officials. To make it such would render appointment of a Commissioner redundant. However, it should be noted that since the last Commissioner reported in December 2000, Nova Scotia for the first time in 40 years recorded a balanced budget, based on accrual accounting, the system universally accepted in the financial community. I am also aware that the government has recently imposed substantial spending cuts in an effort to bring in a balanced budget for the current fiscal year.

Probably the most relevant comparator is that with MLAs in Canadian provinces and territories, although differences in the cost of living and levels of compensation in the general labour market have an effect on direct comparisons with particular jurisdictions. I am of the view that comparison with Federal MPs is also valid. If the job of a Nova Scotia MLA is full-time, as almost all agree it is, surely it can be equated, in terms of time spent and functions performed, to that of a Federal MP who carries out similar functions, albeit in areas of responsibility given by the Canadian Constitution to the federal level of government. Accordingly **Table 3** provides the scales being paid to federal members and to members in the provinces and territories in Canada.

Analysis of **Table 3** indicates that, among the 13 provincial and territorial jurisdictions, the level of remuneration of an elected provincial representative in Nova Scotia ranks 12th, a position close to the bottom where it has languished for many years.

It is also worth noting that the report *Compensation Planning Outlook 2004* of the Conference Board of Canada forecasts that the average pay increase for non-unionized employees is projected to be 3.4 per cent nationally for 2004. The report also projects above average increases in the health and education sectors and indicates that regionally, the Atlantic Provinces will take the lead with an average increase of 4.1 per cent.

Table 3
Indemnities & Allowances of Members of Provincial & Territorial Parliaments in Canada
October 2003

Prov.	Taxable MLA Indem.	Non-Taxable Allow.	Speaker Salary	Deputy Speaker Salary	Premier Salary	Cabinet Minister Salary	Opp. Leader Salary	Gov't. House Leader	Opp. House Leader	Gov't. Whip Salary	Opp. Whip Salary	Third Party Leader	Minister Without Portfolio	Third Party Whip
House of Comm.	139,200	0	66,800	34,800	139,200	66,816	66,800		34,800	25,300	25,300	47,600		10,000
Senate	114,200	0	48,900	20,300	N/A	66,816	32,000	66,816	32,000	10,000	6,100	N/A	N/A	N/A
Ontario	82,757	0	25,820	12,248	65,626	35,006	45,682		15,145	15,145	11,586	29,544	15,889	10,427
NWT	80,145	6,208* 9,315	28,219	5,644	60,952	42,892	(There are	no	political	parties	in the	NWT	Leg.)	
Quebec	78,886	13,379	59,165	27,610	82,830	59,165	59,165	59,165	27,610	27,610	23,666	27,610		15,777
BC	Gov't. 68,500 Other 72,300	N/A	39,000	19,500	45,000	39,000	39,000 not filled	0	9,000 not filled	9,000	9,000	19,500	25,000	6,000
Man.	65,535	0	24,360	8,122	46,397	29,001	29,001	8,122	5,802	5,802	4,643	23,200	23,200	3,483
Sask.	63,540	5,199	34,435	11,478	57,393	40,176	40,176	0	9,183	9,183	9,183	20,088	N/A	4,591
Nunavut	61,800	1,000	53,200	6,200	63,200	53,200	(There are	no	political	parties	in the	Nunavut	Leg.)	
Newfld./ Labrad.	46,686	23,043	48,276	24,138	66,587	48,276	48,276	0	24,138	12,000	12,000	16,800	N/A	N/A
Alberta	43,152	21,576	52,956	26,484	67,380	52,956	52,956		11,268	9,012	6,744	23,520	23,520	5,628
NB	40,566	20,283	27,167	8,422	54,331	36,222	36,222	N/A	N/A	5,000	1,500	12,000	27,167	500
PEI	35,967	11,250	31,186	15,593	58,871	41,585	41,585	11,244	3,936	3,111	3,111	15,718	N/A	N/A
Yukon	35,664	15,570* 17,832	7,049	5,287	7,824	21,147	21,147	0	0	0	0	4,229	0	0
NS	33,256	16,628	39,709	19,860 (÷ 3)	55,737	39,709	39,709	10,000	10,000	5,000	5,000	19,860	N/A	5,000

*Members within the territorial capital.

A disturbing trend which has developed in many jurisdictions across the Commonwealth is the increasing tendency to have elected positions occupied by "professional" politicians. The well-known columnist Richard Gwyn put it this way recently:

> "A kind of privatization of politics is underway. The minority who are good at the political game – academics, professionals, especially lawyers, and of course journalists – will increasingly turn it into a sort of private sport. This will raise troubling questions about those elected to represent the public, and therefore about democracy itself."

Appendix F sets out the occupations engaged in by current members of the House of Assembly prior to their election. This reveals that the House still represents a reasonably broad cross-section of the employment spectrum. It should be noted that persons who were formerly engaged in business, the teaching profession, and the legal profession make up 50% of the membership. It should also be noted that 13 members had experience as elected representatives at the municipal level (as well as another occupation) before being elected provincially.

The Consumer Price Index for Nova Scotia, which measures the cost of a fixed basket of goods tracked over a period of time, is set out in **Table 4** and indicates an increase since the end of 1993 from 101.2 to 124.1 at the end of September 2003, an increase of 22.9%. During this time and MLA's salary has increased 10% from $45,195 to $49,884. Thus, in real terms, the purchasing power of the salary of an MLA has declined substantially over the past ten years.

Table 4
Consumer Price Index Nova Scotia - All Items
1992 = 100

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Ann. Avg.
1993	99.9	100.2	100.3	100.6	100.8	101.0	101.1	101.3	101.4	102.3	102.9	102.7	101.2
1994	102.7	102.3	102.6	101.8	101.9	102.2	102.5	102.5	102.6	102.5	102.7	102.5	102.3
1995	102.7	103.3	103.6	103.7	104.3	104.1	104.4	103.8	104.0	103.8	104.0	103.3	103.8
1996	103.9	104.0	104.3	104.9	106.2	105.9	105.4	105.7	106.0	106.6	107.0	107.3	105.6
1997	107.1	107.3	107.6	107.8	107.7	107.7	107.7	108.2	108.2	108.3	108.1	108.0	107.8
1998	108.7	108.5	108.6	108.4	108.5	108.4	108.5	108.6	107.4	108.7	108.7	108.4	108.5
1999	108.2	108.7	108.7	209.7	109.9	110.0	110.1	111.1	111.1	111.6	111.7	112.0	110.3
2000	112.0	112.9	113.5	113.1	113.5	114.2	114.1	114.0	115.0	115.4	116.2	116.0	114.2
2001	115.3	115.5	115.6	116.5	117.0	117.0	116.7	116.5	117.2	116.4	116.1	115.7	116.3
2002	115.8	116.4	117.1	118.9	120.0	120.1	120.8	120.7	121.2	122.0	122.5	121.7	119.8
2003	123.1	124.3	125.1	123.9	123.5	123.6	124.0	124.1	124.1				

Despite my belief that the circumstances and roles of Civil Servants and MLAs are not comparable, a look at certain salaries in the public sector is interesting. **Table 5** provides the average salaries of selected public sector groups in Nova Scotia and indicates, in most cases, the percentages by which these have increased over the last nine or ten years.

Table 5

AVERAGE SALARIES FOR SELECTED PUBLIC SECTOR GROUPS IN NOVA SCOTIA

			Percentage Increase
Deputy Ministers	as of December 1994	$ 88,240	
	as of October 2003	$118,732	13.4
Civil Service Management	as of November 1994	$ 52,612	
	as of September 30, 2003	62,614	11.9
Civil Service NSGEU			
	as of September 30, 2003	$ 42,506	
Nurses (CDHA)	as of November 1994	$ 48,095	
	as of October 2003	$ 53,108	12.6
Teachers (NSTU)	as of September 1993	$ 51,369	
	as of 2001/02	$ 54,832	10.7
*Provincial Court Judges	as of April 1, 1999	$130,000	
	as of April 1, 2003	$160,140	
	as of April 1, 2004	$163,342	12.5

**Associate Court Judge and Chief Court Judge are paid $5,000 and $10,000 above the Provincial Court Judge rate, respectively.*

Also, although in my judgment a comparison is not apposite, I have produced herein **Table 6** which shows recent wage adjustments for selected public sector groups in the Province.

Table 6

WAGE ADJUSTMENTS FOR SELECTED PUBLIC SECTOR GROUPS IN NOVA SCOTIA

Deputy Ministers		April 1, 2001	2.0%
		April 1, 2002	2.0%
		April 1, 2003	3.0%
		2004	Not determined
Civil Service Management		April 1, 2001	2.0%
		April 1, 2002	2.0%
		April 1, 2003	3%
		2004	Not determined
Civil Service Master Agreement		April 1, 2001	2.0%
		April 1, 2002	2.0%
		April 1, 2003	3.0%
		April 1, 2004	Agreement expires
Nurses		November 1, 2000	7.0%
		November 1, 2001	5.0%
		November 1, 2002	5.0%
		November 1, 2003	Agreements expired
Teachers (NSTU)		August 1, 2001	1.8%
		January 1, 2002	2.0%
		August 1, 2002	1.5%
		January 1, 2003	2.0%
		August 1, 2003	1.5%
		January 1, 2004	2.0%
		August 1, 2004	1.5%
		January 1, 2005	1.5%
Provincial Court Judges		April 1, 2001	$ 7,000 (5.1%)
		April 1, 2002	$13,000 (9.0%)
		April 1, 2003	$ 3,140 (1.0%)
		April 1, 2004	$ 3,202 (2.0%)
University Faculty	- St. Mary's	September 1, 2001	2.6%
		September 1, 2002	2.6%
		September 1, 2003	4.1% (full professor)
		September 1, 2004	3.0%
	- Dalhousie	July 1, 2001	2.8%
		July 1, 2002	2.8%
		July 1, 2003	2.8%
		July 2004	Agreement expires
Firefighters (HRM)		September 1, 2001	3.0%
		September 1, 2002	3.0%
		September 1, 2003	2.5%
		June 2004	Agreement expires
Police (HRM)		April 1, 2001	2.7%
		April 1, 2002	3.1%
		July 2003	Agreement expired

For many years MLAs have been paid a portion of their remuneration in the form of a tax-free allowance which at present is about one-third of the amount paid to them. The tax-free allowance originally reflected the fact that members were required to pay expenses out of their sessional remuneration and it was devised as a way of reimbursing them for items paid out of their own pockets. Over the years a system of reimbursement for expenditures under the regulations of the Internal Economy Board has arisen. Thus the rationale for a tax-free allowance has disappeared. Once a feature of the remuneration package in all Canadian jurisdictions, the tax free allowance has now been eliminated for members of the Parliament of Canada and MLAs in Ontario, British Columbia and Manitoba, where it has been integrated with the taxable indemnity.

I agree with a previous Commissioner who stated that a strong case can be made that the non-taxable allowance should be integrated with the indemnity resulting in a total annual salary that is fully taxable.

To do this in 2004 means that to retain the current "take home pay" the indemnity portion would have to be grossed up by a considerable amount. This is best illustrated by reference to **Table 7** on the next page.

At my request, officials in the Department of Finance have prepared a chart on the projected cost to the Province for doing this for the 52 MLAs including the salary portions for those who are in the Cabinet and other related posts. As **Table 8** indicates, the total cost to the province at current rates is $282,798.00.

Previous Commissioners have described integration to a fully taxable indemnity as appealing and indicated that it "most likely will occur in time". They stopped short of recommending it for the sound reason that the fiscal situation of the Province at the time they reported could not afford it. My Inquiry Commission was invited to revisit the issue.

In my view, the principle of transparency concerning MLAs' remuneration requires that the tax free allowance be done away with and a fully-integrated taxable salary be paid to the members. I have also concluded, as did previous Commissioners, that it is not timely to endeavour to accomplish this in the coming year. Later in this report I make a recommendation which sets out the way in which I believe the requisite transparency can be achieved. Acceptance of the recommendation will allow the cost of integration to be calculated in the budgeting process and will minimize the difficulty of reaching this goal.

At one time MLAs received their indemnity and allowance in one annual payment. Over the years this has changed and currently they have the option of receiving their remuneration in quarterly, monthly or bi-weekly instalments. All other individuals paid via the Provincial Payroll System, with the exception of Retirees who are traditionally paid monthly both by the Province of Nova Scotia and most other jurisdictions, are paid on a bi-weekly basis. Payment other than bi-weekly must be done on a manual basis by officials in the Payroll Services Division of the Department of Finance.

I am advised that of the 52 MLAs, 9 have opted for monthly or quarterly

Table 7

MLA Remuneration
Taxable Income Required to Replace Tax Free Allowance

	Status Quo						
Positions	Indemnity	Salary	Total Taxable	Tax Payable	After Tax Income	Tax Free Expense Allowance	Total After Tax Income
MLA	33,256	-	33,256	5,486	27,770	16,628	44,398
Deputy Speaker	33,256	6,620	39,876	7,511	32,365	16,628	48,993
Party Leader	33,256	19,860	53,116	11,914	41,202	16,628	57,830
Minister, Speaker, Leader Official Opposition	33,256	39,709	72,965	18,720	54,245	16,628	70,873
Premier	33,256	55,737	88,993	24,875	64,118	16,628	80,746

Change				
Original Taxable Income	Taxable Expense Allowance	New Taxable Income	Tax Payable	Total After Tax Income
33,256	24,849	57,905	13,507	44,398
39,876	24,913	64,789	15,796	48,993
53,116	25,668	78,784	20,954	57,830
72,965	26,995	99,960	29,086	70,874
88,993	27,065	116,058	35,312	80,746

Note.
Tax payable was calculated on the following bases:
1. The only non-refundable tax credits taken into account are the basis personal amount and Canada Pension Plan contributions.
2. It is assumed that pension contributions equal to 10% of total income are fully deductible in determining taxable income.
3. Tax rates and Canada Pension Plan contribution rates for the 2002 calendar year have been applied.

Table 8
MLA Remuneration
Taxable Income Required to Replace Tax Free Allowance

Projected Cost to the Province of Replacing MLAs Tax Free Allowance with Taxable Income

		Positions					
	Line	MLA	Deputy Speaker	Party Leader	Minister, Speaker, Leader Official Opposition	Premier	Total
Cost - Status Quo							
Current Taxable Income	1	33,256	39,876	53,116	72,965	88,993	
Tax Free Expense Allowance	2	16,628	16,628	16,628	16,628	16,628	
Canada Pension Plan - Employer Contribution	3	1,399	1,673	1,673	1,673	1,673	
NS Tax Payable on Current Taxable Income	4	(2,099)	(2,962)	(4,743)	(7,526)	(9,931)	
Sub-Total (sum lines 1, 2, 3, 4)	5	49,184	55,215	66,673	83,740	97,363	
Cost - Taxable Expense Allowance							
Current Taxable Income	6	33,256	39,876	53,116	72,965	88,993	
Taxable Expense Allowance	7	24,649	24,913	25,668	26,995	27,065	
Canada Pension Plan - Employer Contribution	8	1,673	1,673	1,673	1,673	1,673	
NS Tax Payable on Revised Income	9	(5,388)	(6,315)	(8,400)	(11,577)	(13,992)	
Sub-Total (sum lines 6, 7, 8, 9)	10	54,190	60,147	72,057	90,056	103,739	
Net Incremental Cost to Province (line 10 minus line 5)	11	5,006	4,932	5,384	6,316	6,376	
Number of Positions	12	31	3	1	16	1	52
Total Incremental Cost to Province (line 11 times line 12)	13	155,186	14,796	5,384	101,056	6,376	282,798

payments. I believe it is time that the MLAs came into line with all other active individuals paid via the Provincial Payroll System. However, in order to avoid causing possible hardship to those who will be affected, and to give them time to adapt to different circumstances, implementation of this change should be delayed for one year.

Consideration of all the factors that bear on the determination of an appropriate level of pay for Nova Scotia's MLAs leads me to the conclusion that they are underpaid – indeed substantially so. To endeavour to redress this situation immediately, given the province's current financial circumstances, would not be a well timed step.

For some time I have been aware of the situation which prevails in most of the States of Australia. The Australian Constitution provides for a federal governance structure similar in many ways to the Canadian system. The states of Queensland, New South Wales, Victoria, South Australia, Tasmania and the Northern Territory link the basic salary of their legislators to the federal annual allowance. The state of Western Australia and the Australian Capital Territory do not provide for such linkage and determine salaries through their own Remuneration Tribunals.

The following table sets out the basics on which members' salaries are determined in the Australian States and Territories with amounts in Australian $ as at July 1, 2003 and Canadian equivalents as at December 1, 2003 in brackets:

Table 9

Jurisdiction	Linkage	Legislation	Current Basic Salary
New South Wales	$500 less than the annual allowance	*Parliamentary Remuneration Act 1989* established the Parliamentary Remuneration Tribunal (which determines on additional parliamentary entitlements) and describes the linkage with annual allowance.	$102,260 ($ 92,095.36)
Northern Territory	$3000 less than annual allowance	*Remuneration Tribunal Act 1993* established the NT Remuneration Tribunal (which determines on additional entitlements and salaries of office) and describes the linkage with annual allowance.	$ 99,760 ($ 89,843.86)
Queensland	$500 less than annual allowance	***Parliament of Queensland Act 2001*** describes the linkage with annual allowance.	$102,260 ($ 92,095.36)
South Australia	$2000 less than annual allowance	*Parliamentary Remuneration Act 1990* describes the linkage with annual allowance. *Remuneration Act 1990* establishes the S.A. Remuneration Tribunal which determines on entitlements.	$100,760 ($ 90,744.46)
Tasmania	85.19% of annual allowance Note that, in practice, Tasmanian basic salaries are determined on the annual allowanace as at 1 July the previous year.	*Parliamentary Salaries, Superannuation and Allowances Act 1973.* The Act allows the Full Bench of the Tasmanian Industrial Commission to determine the percentage of the annual allowance that will apply. Determinations are published in the government gazette. The Act requires the Tasmanian Auditor-General to determine the dollar amount equivalent to this percentage (currently 85.19%) not later than 14 July each year. This amount is published in the government gazette.	$ 84,168 Calculated at 85.19% of $98,800 ($ 75,801.70)

Victoria	$500 less than annual allowance	*Parliamentary Salaries and Superannuation Act 1968* describes the linkage with annual allowance. The Act also governs some benefits with remaining allowances and benefits described in regulation.	$102,260 ($ 92,095.36)
Western Australia	Determined by WA Salaries and Allowances Tribunal annually and published in the government gazette.	*Salaries and Allowances Act 1975* establishes the Tribunal which determines on parliamentary salaries, allowances and entitlements.	$106,000 ($ 95,463.60)
Australian Capital Territory	Determined by the ACT Remuneration Tribunal which issues *Determinations and Statements*.	*Remuneration Tribunal Act 1995*	$ 84,448 ($ 76,053.87)

While I am not contending that the salaries of our MLAs should be equated to those of members of Australia's state legislators, the practice of linkage with amounts paid to federal MPs is, in my view, appropriate. I believe that Nova Scotia's MLAs perform functions at the provincial level which are similar, if not identical, to those of MPs, always taking into account the different jurisdictional responsibilities and bearing in mind that both jobs are full-time.

Therefore I recommend that:

- In the calendar year 2004, beginning January 1, Members of the Legislature receive an overall net increase of 4.34% by increasing the annual indemnity to $35,915.00 and leaving the non-taxable allowance unchanged at $16,628.00. The result is that for the year 2004 the members will receive $52,543.00;

- Effective on the first day of the month in which the next general election is held, the annual indemnity paid to a Member of the Nova Scotia Legislature elected in the general election be set at an amount equal to 63% of the annual sessional allowance payable to members of the House of Commons of Canada, and the non-taxable allowance now paid to MLAs be abolished.

- Effective January 1, 2005 payment of remuneration to MLAs be fully integrated into the Provincial Payroll System and all MLAs be required to receive their remuneration on a bi-weekly basis.

SALARIES OF MEMBERS WHO HOLD OFFICE PURSUANT TO THE EXECUTIVE COUNCIL ACT AND THE HOUSE OF ASSEMBLY ACT

The Executive Council Act and the House of Assembly Act provide for salaries to be paid the Premier, Cabinet Ministers, the Speaker, the Deputy Speaker, the Leader of the Opposition and the Leader of a Recognized Party. All of these persons are MLAs. They are paid annual salaries in addition to the amount each receives for being an MLA. A review of these salaries falls within the mandate of this Inquiry.

The holders of all these offices are extremely busy people who carry a heavy workload to which great responsibility is attached. There is little doubt that in the private sector the management skills required to perform their tasks would provide a level of compensation much larger than what they are paid. There is no readily available comparable occupation in the private sector. From the information I have received, and my own experience, it is my view that the remuneration would range from middle to upper management. In the public sector, for the purposes of the present Inquiry, I have concluded that one comparable can be found by considering what other provinces currently pay similar office holders. Reference to **Table 3** on page 12, provides a summary of the salaries paid in those provinces for these several offices at October, 2003. From **Table 3**, I have chosen to compare Nova Scotia with the provinces of Newfoundland, New Brunswick, Prince Edward Island, Manitoba and Saskatchewan. The amount paid each office holder is ranked by number and shown on **Table 10**, at page 24.

In analyses and discussions about our democratic system reference is invariably made to the three branches of governance – the legislative, the executive and the judicial. Constitutions provide different roles for these arms of government. Judicial institutions and independent, impartial and effective oversight mechanisms are the guarantors for the rule of law on which democracy is founded.

In our system the Legislative Branch provides the personnel for the Executive Branch and the party leader who enjoys the support of the majority in the Legislature becomes head of the Executive Branch.

Despite the fact that the executive and judicial branches are equally essential in our democratic system, great disparity has arisen over the years in the level of compensation paid to their respective heads.

The salary of the Chief Justice of Nova Scotia is $273,000. This salary is equal to the salary paid to Chief Justices in other provinces and is paid by the Federal Government.

At the provincial level, the top-ranking member of the judiciary is the Chief Judge of the Provincial Court. As of April 1, 2003 the salary for the occupant of this position is $170,140 and will rise on April 1, 2004 to $173,342.

Table 10

Premier

NFLD	66,587	1
PEI	58,871	2
SASK	57,393	3
NS	55,737	4
NB	54,331	5
MAN	46,397	6

Cabinet Minister

NFLD	48,276	1
PEI	41,585	2
SASK	40,176	3
NS	39,709	4
NB	36,222	5
MAN	29,001	6

Speaker

NFLD	48,276	1
NS	39,709	2
SASK	34,435	3
PEI	31,186°	4
NB	27,167	5
MAN	24,360	6

° there is also an expense allowance of $11,250

Deputy Speaker

NFLD	24,138	1
NS	19,860*	2
PEI°	15,593	3
SASK	11,478	4
NB~	8,422	5
MAN	8,122	6

* divided equally among three incumbents
° there is also an expense allowance of $11,250
~ two Deputy Speakers each receive this amount

Leader of the Opposition

NFLD	48,276	1
PEI	41,585°	2
SASK	40,176	3
NS	39,709	4
NB	36,222*	5
MAN	29,001	6

° there is also an expense allowance of $11,250

* there is also an annual expense allowance of $35,000

Leader of a Recognized Party

MAN	23,200	1
SASK	20,088	2
NS	19,860	3
NB	12,000*	4
NFLD	16,800	5
PEI	N/A	6

* also receives an expense allowance of $6,000

By comparison, the total paid to the Premier (including the MLA indemnity and allowance) is $105,621.

I am of the opinion that it is valid to compare the remuneration of the Premier with that of the Chief Judge of the Provincial Court. The large discrepancy reflects an undervaluation of the importance of the office of Premier and the duties involved in the position.

In order to partially redress a situation which is untenable the salary paid to the Premier should be set at a level equal to 50% of the salary paid to the Chief Judge of the Provincial Court of Nova Scotia. Using current numbers this would still leave the Premier's total compensation approximately 20% lower than that of the Chief Judge of the Provincial Court (it is currently approximately 40% lower) but would move closer to the desirable goal of equality in compensation for two of the highest positions in our system of governance.

At present, Cabinet Ministers, the Leader of the Opposition and the Speaker are paid at a level approximately 71% of that paid to the Premier. This ratio should be altered somewhat and the salaries of Ministers, the Leader of the Opposition and the Speaker should be 75% of the salary paid to the Premier.

The salaries of the Deputy Speaker and the Leader of a Recognized Party should continue to be 50% of the amount paid to the Speaker and Cabinet Ministers.

While I believe these recommendations are overdue, there are reasons why they should not be implemented immediately. I am aware of the fact that restraints on government spending in certain areas are being imposed in an effort to produce a balanced budget for the next fiscal year and awarding substantial increases, however well justified, could be ill-timed. The only relevant public input I have received favours substantial increases for the Premier and other office holders, but there would likely be reaction against what would be perceived by some to be overly-generous changes. Delaying implementation will allow these proposals to be discussed by MLAs and the public and permit them to be factored into the budget process.

Meanwhile, taking all relevant factors into account I recommend that:

- For 2004, the salary of the Premier, under the Executive Council Act, be $57,400;

- For 2004, the salary of a Minister having charge of a department, under the Executive Council Act, be $40,900;

- For 2004, the maximum salary for a Minister without Portfolio, under the Executive Council Act, be $40,900;

- For 2004, the salary of the Speaker, under the House of Assembly Act, be

$40,900;

- For 2004, the salary of the Deputy Speaker, under the House of Assembly Act, be $20,450;

- For 2004, the salary of the Leader of the Opposition, under the House of Assembly Act, be $40,900; and

- For 2004, the salary of the Leader of a Recognized Party, under the House of Assembly Act, be $20,450.

Notwithstanding that, as mentioned earlier in this Report, recommendations made with a deferred implementation date are subject to change by a subsequent Commission (or to change legislated by the House) I further recommend that:

- Effective on the first day of the month in which the next general election is held, the salary of the Premier, under the Executive Council Act, be 50% of the salary paid to the Chief Judge of the Provincial Court of Nova Scotia;

- Effective on the first day of the month in which the next general election is held, the salary of a Minister having charge of a department, under the Executive Council Act, be 75% of the salary paid to the Premier;

- Effective on the first day of the month in which the next general election is held, the maximum salary for a Minister without Portfolio, under the Executive Council Act, be 75% of the salary paid to the Premier;

- Effective on the first day of the month in which the next general election is held, the salary of the Speaker be set at 75% of the salary paid to the Premier, and the salary of the Deputy Speaker be set at 50% of the salary paid to the Speaker;

- Effective on the first day of the month in which the next general election is held, the salary of the Leader of the Opposition, under the House of Assembly Act, be 75% of the salary paid to the Premier; and

- Effective on the first day of the month in which the next general election is held, the salary of the Leader of a Recognized Party, under the House of Assembly Act, be 50% of the amount paid to the Premier.

The Executive Council Act provides that Members of the Executive Council (Ministers) are entitled to be paid an amount sufficient to reimburse the Minister for reasonable expenses incurred for travel and accommodation in the discharge of official duties. After examining

the provisions which are now in place and especially as determined by the Regulations of the Legislature Internal Economy Board, it is my opinion that they are satisfactory and should be continued at current levels for the calendar year 2004.

THE OFFICES OF THE LEADERS

The sums provided for support services in the caucus offices do not include the offices of the Leader of the Official Opposition or the Leader of a Recognized Party. The cost of maintaining and operating the office of the Leader of the Government falls under a separate item in the Executive Council budget dealing with the Premier's Office.

The House of Assembly Act provides that there shall be certain staff levels for each of the offices of the Leader of the Opposition and the Leader of a Recognized Party. The current practice is that the budget is set for the offices of each of these leaders. In 2003 the amounts are $364,300 for the Leader of the Official Opposition and $210,500 for the Leader of the Recognized Party. The move to a global sum, which was made some years ago, is beneficial. It provides each Leader with more flexibility to determine the manner in which the money will be spent and the number of personnel to be employed. The adequacy of the existing level of financial support for 2004 must be left to the representations of each leader through the budgetary process.

The authority for the travel and other expenses of the Leaders of the Official Opposition and the Recognized Party are provided in Regulation 2003 of the Legislature Internal Economy Board. They seem satisfactory for continuation in 2004. If any change is warranted, I would defer to the decision of the Board.

CAUCUS OFFICES

Each of the government, the Official Opposition, and the Recognized Party has a Caucus Office.

The Legislature Internal Economy Board provides in its Regulation a formula by which payments to each office are calculated. These payments cover support and services and include employment positions. Following the recent election the formula was changed to reflect the current party standings in the House. As a result, the overall expenditure for caucus support will rise from approximately $2.16 million per year to $2.26 million per year. The allocation to each party differs from that which pertained prior to the election.

Regulation 2003 authorizes members attending caucus and task force meetings to recover travel, meals, and accommodation expenses for a prescribed number of such meetings in the calendar year.

As mentioned elsewhere in this Report, the Caucus Chairpersons declined to meet with me. I am aware that considerable work is carried out in these offices and can only assume that the amounts and the manner in which they are allocated are satisfactory to the parties represented in the House. I have no reason to recommend any changes to the current arrangements.

THE OFFICERS OF THE HOUSE

There are four officers designated by the House of Assembly Act, PART VII, Sections 46 to 53. They are the Chief Clerk, the Assistant Clerk, the Legislative Counsel, and the Sergeant-at-Arms.

The Act provides that the Chief Clerk, the Assistant Clerk, and the Legislative Counsel may be appointed by the Governor in Council. The Sergeant-at-Arms is appointed by the House pursuant to the Public Service Act but paid pursuant to Section 53 of the House of Assembly Act.

While historically the Statutory and Regulatory provisions have varied from time to time with respect to the salaries to be paid the Chief Clerk, the Assistant Clerk, and the Sergeant-at-Arms, subsection 44(3) of the House of Assembly Act provides that their salaries may be determined by the Legislature Internal Economy Board. This is the practice being followed at the present time. The supervision of their duties is subject to the control of the Board [Public Service Act, subsection 76 (1)]. Each of the Chief Clerk, Assistant Clerk, and Sergeant-at-Arms is a part-time position.

Section 54 of the House of Assembly Act provides for the payment of reasonable expenses for travel and accommodation to the officers and staff of the House while absent from their ordinary place of residence in connection with the business of the House or representing the House, whether the House is in session or not. Provision is made for authorization by the Legislature Internal Economy Board or the Speaker for such expenses. The existing provisions appear to be adequate. Any changes or adjustments in 2004 should be in such manner and amount as the Board determines.

THE CHIEF CLERK

Parliaments and legislatures are unusual institutions. They differ greatly from one another, both constitutionally and in their practical political operations. They vary in size and shape, in tenure, in powers and functions, in autonomy and in procedures and traditions. A very cynical person once said that they are the only places on our planet where sound travels faster than light.

The Nova Scotia House of Assembly has a long and proud history. Not only does its first meeting in October 1758 make it the first elected Assembly in Canada, it also, as I have mentioned earlier, has the distinction of being the first in the overseas Commonwealth to establish responsible government. The House of Assembly has evolved over the years and has adapted its procedures along lines followed in many other jurisdictions. In one way though it has fallen far behind all other Canadian provinces and territories and most parliaments and legislatures in the Commonwealth.

The Commissioner who reported in 1998 said at page 31 of his report:

> "The time may come when more serious consideration will be necessary to make the position of the Chief Clerk one of full-time occupation."

In my opinion that time has arrived.

Unless the position of Chief Clerk is made full time the Nova Scotia House of Assembly, as an institution, will be unable to improve mechanisms to ensure accountability of direct and delegated responsibilities, encourage increased input from Nova Scotians, and assist in establishing a trust and respect for the legislature among our citizens.

One of the primary functions of a parliament or legislature as a representative body is to provide legitimacy to the actions of government and to provide a basis for the obligation of citizens to abide by legislative and governmental actions. In order that this be accomplished, activities within the legislature must be seen as fair and appropriate.

The legislature must be able to ensure the development of internal and external expertise in producing and evaluating policy proposals and legislation. Members must be provided with the technology required to remain in touch with developments within the province, and also in other parts of Canada and the rest of the world. Provision of the tools required to keep pace is essential – otherwise the delicate balance between the legislature and the executive, which is a hallmark of our system, will go awry. This is a full-time responsibility which continues even when the House is not sitting, and the person who is the Assembly's procedural head and should also be its administrative head should be occupying a full-time position.

In the House of Commons of the United Kingdom, the Clerk of the House, whose title predates that of the Speaker, and whose office is nearly 650 years old, is the senior official of the

House. The duties are summarized as follows:

> "He or she is the principal adviser of the House, its committees, the Speaker and other occupants of the Chair, the members individually, on the practice and procedure of the House, the formal and informal rules which govern its everyday activities. Assisting the Clerk in these activities of the department is a staff of about 270, who serve in a number of separate offices.
>
> The Clerk's wider role has become more prominent in recent years, and now includes duties as Chief Executive of the House of Commons Service and its 1,400 staff, and Corporate Officer."

Most Commonwealth parliaments and Legislatures, of course with allowances in the scale of the operation based on their size, have adopted the British model for their administration.

In all provinces except Nova Scotia, the position of Chief Clerk is full-time and holds the status of a Deputy Head. Here, the Chief Clerk continues to be part-time and does not engage in the extensive supervision and direction over the administrative process of the House which is characteristic of the position elsewhere.

In Nova Scotia the reporting process is unique in that many of those in charge of special areas of expertise such as the Manager of Hansard, the Legislative Librarian, the Coordinator of House of Assembly Operations, the Coordinator of Legislative Television, and others, report directly to the Speaker. Where the Chief Clerk is full-time, those who have specialized administrative functions report to the Chief Clerk.

A look at the situation in our neighbouring province, New Brunswick, provides an excellent illustration of how a legislature of almost the same size as ours (Nova Scotia, 52 members – New Brunswick, 55 members) is administered. There, a full-time Clerk serves as clerk and secretary of the Legislative Administration Committee (equivalent to our Legislature Internal Economy Board), and, in addition to other finance and human resource responsibilities, has overall responsibility for the Office of the Clerk, the Office of the Speaker, the Legislative Library, Hansard, the Office of the Conflict of Interest Commissioner, debates translation, Caucus Offices of the Government, Official Opposition and Third Party, committees of the House, the co-ordinator of technology, security and visitor services, heritage, buildings and maintenance, interparliamentary relations, protocol and public education.

Currently, in this Province, when the House is not sitting the Chief Clerk, as the holder of a part-time position, is understandably only in the office infrequently. A number of statutes require various reports to be laid before the House and provide that when the House is not sitting the reports are to be filed with the Clerk. For example, the Gaming Control Act requires this to be done with three different annual reports as well as quarterly financial reports. The Provincial Finance Act requires this to be done with the Public Accounts, quarterly financial reports and any other financial

or economic reports that the Minister determines. Other statutes also contain such requirements.

At present, because of the retirement of a very capable secretary who had been the only full-time staff person in the Clerk's Office, there is no permanent presence there. I am pleased to note that the process is now underway to hire a full-time secretarial replacement.

Clerks and Assistant Clerks in the Parliament of Canada and the legislatures of the provinces and territories belong to the Association of Clerks-at-the-Table in Canada. This association has gradually increased its professional development and resources. One new tool that has been developed is a "listserve" known as the Clerks-at-the-Table System (CATS). Any clerk with a pressing procedural or administrative question can post an inquiry on the secure system and each jurisdiction responds on a candid and confidential basis. When the House is not sitting, Nova Scotia has been unable to be a full participant in a reciprocal system in which we should be playing a full part.

I am advised that only through a set of fortuitous circumstances were the notices required to be given to MLAs prior to the opening of the recent session of the House able to be circulated in time for the House to meet on the appointed date.

An up-to-date precedent system for Speaker's rulings and other procedural resources is not being maintained. A full-time Chief Clerk would have the opportunity to put in place systems like those that exist in other jurisdictions to provide procedural support to the Speaker and the members of the House.

Section 15 of the House of Assembly Act provides that the Speaker ceases to hold office on the date of a general election. This effectively creates a vacuum in decision-making authority. In other jurisdictions the Chief Clerk carries out many administrative duties and makes decisions on matters which have to be dealt with here by the Speaker. For this reason the House has to be recalled soon after an election for a brief session at which the only business is to elect a Speaker, appoint Deputy Speakers and conduct certain formalities associated with the opening of a new Session. If a system similar to that in other Provinces was in place here this problem would not exist and the House could begin meeting at a later time when the Government had prepared other matters for consideration by the Members. The cost of the special one-day session could thus be eliminated.

I am convinced that the position of the Legislature as an essential element in the exercise of the democratic system in Nova Scotia has eroded badly over the years. One way to address the problem is to make the position of Chief Clerk full-time, with the status of a Deputy Minister, and assign to the position all the procedural and administrative responsibilities requisite for the operation of a modern House. I believe New Brunswick provides an excellent model but stop short of saying their system should be fully incorporated here.

There are well qualified people available to analyze and make recommendations for a system appropriate to our needs.

Accordingly, I recommend that:

- In principle the position of Chief Clerk of the House be full-time with the status and remuneration of a deputy minister;

- The Legislature Internal Economy Board commission a qualified consultant to recommend the appropriate duties of the Chief Clerk and the position of the Chief Clerk within the administrative structure of the Legislature;

- The recommendations of the consultant, upon approval by the Board and with such modifications as the Board considers appropriate, be implemented by the Speaker by the end of 2004; and

- Until the position is made permanent, the salary of the Chief Clerk, beginning January 1, 2004, be $48,250.00, without affecting any other benefits provided to the Chief Clerk.

ASSISTANT CLERK

As the title suggests, the Assistant Clerk is by Statute an essential and necessary officer of the House. Although the duties and responsibilities are not as extensive as those of the Chief Clerk, they are nonetheless demanding and especially in the absence of the Chief Clerk or on thos occasions where the Chief Clerk is otherwise occupied by the business of the House. Even when the Chief Clerk is present, the Assistant Clerk must see to it that all the administrative details of the House are handled accurately and performed expeditiously. It requires a person of skill and knowledge of the affairs of the House and one upon whom the Speaker and members can depend with confidence.

There are currently two Assistant Clerks. One incumbent has been Assistant Clerk for many years. He is a distinguished lawyer who has retired from service in the Office of the Legislative Counsel and has agreed to continue his service as Assistant Clerk. The other incumbent is a lawyer who is in the employ of the office of the Legislative Counsel. His duties as a servant of the House take him away from his regular duties. Consideration should be given to the pattern of the House sitting two sessions each calendar year, and the number of days of extended hours, which have been a regular occurrence each session.

It is important to observe that as with the Chief Clerk, the Assistant Clerks enjoy the confidence and respect of the Speaker and the members of the House. The appointments of both Assistant Clerks were agreed to by all parties in the House and made permanent by Orders in Council. In January 2003 the Legislature Internal Economy Board set the salary of the senior Assistant Clerk for the current calendar year at $25,000.00, the amount set out in S.50 of the House of Assembly Act. The other Assistant Clerk is paid a per diem for each sitting day.

In my opinion the policy adopted by the Board is a suitable way to compensate the Assistant Clerks for the calendar year 2004.

SERGEANT-AT-ARMS

On March 22, 2000 the incumbent received a permanent appointment as Sergeant-at-Arms. This is not a full-time position. His work is principally one of performing ceremonial functions while the House is sitting. He is also responsible for the security of the chamber and the members when the House is sitting.

Since 1983, by Order in Council, the salary of the Sergeant-at-Arms may be set by the Legislature Internal Economy Board. Section 24 of Regulation 1998 of the Legislature Internal Economy Board provides that the Sergeant-at-Arms be paid $150.00 per sitting day or $17,000 per annum, whichever is greater. Provision is made for his reasonable travelling and related expenses. The Internal Economy Board Regulation 2003 no longer contains a provision respecting the Sergeant-at-Arms. It would appear that the Legislature Internal Economy Board has determined that Section 44 (3) provides sufficient authority to provide for compensation to the Sergeant-at-Arms. Increases have been given to the Sergeant-at-Arms in 2002 And 2003 at the same rate given to the Members of the House. Accordingly the remuneration now stands at $18,217.42 per annum and is paid on a bi-weekly basis.

I recommend that:

- Beginning January 1, 2004, the Legislature Internal Economy Board determine the remuneration of the Sergeant-at-Arms at $150.00 per sitting day or $19,000.00 per annum, whichever is greater and that the payment continue to be made on a bi-weekly basis.

LEGISLATIVE COUNSEL

Subsection 52 (1) of the House of Assembly provides for the appointment, by the Governor in Council, of the Legislative Counsel. Subsection (2) states the Legislative Counsel shall be paid a salary as determined by the Governor in Council.

This is a position of great responsibility to the Speaker and every member of the House. The duties are broadly based. Rules 78 and 79 of the Rules and Forms of Procedure of the House of Assembly provide an overview of these duties.

78 *It shall be the duty of the Legislative Counsel*

(a) to prepare and advise upon such legislation as may be required by the

Executive Council or any Member thereof:

(b) to prepare amendments made by Select or Standing Committees, or in Committee of the Whole House;

(c) to report to the Governor in Council any provisions in any Bill deserving of special attention or which may, in his opinion, prejudicially affect the public interest;

(d) to, prior to its introduction, provide the Speaker with a copy of any Private Member's Bill that appears to be a money Bill;

(e) to examine every Public Bill after its first reading in the House, and in case the Bill appears to him incorrect in any particular, to consult the Member introducing the same and, if the bill is read a second time, to recommend to the committee to which the Bill is referred such alterations as may be deemed advisable;

(f) to report to the Chairman of the Private and Local Bills which are at variance with general Acts on the subject to which such Bills relate or with the usual provisions of Private Acts on similar subjects;

(g) to supervise the printing and arrangement of all Bills;

(h) wherever possible, to put marginal notes of headers on all Acts and to prepare an index of the same for the annual volume of Statutes.

79 All Bills shall be submitted to the Legislative Counsel before introduction and no Bill shall be introduced in the House until the Legislative Counsel approves such Bill as to form.

Since 1979 the Legislative counsel has been designated as the Chief Legislative Counsel (and the other lawyers reporting to him are appointed as Legislative Counsel).

It is evident the position requires the professional skill and expertise of an experienced lawyer. The Chief Legislative Counsel must be one who is sensitive to the needs of all members of the House and must perform the duties in a manner that gains the utmost confidence of the Speaker and all members of the House of Assembly.

An Order in Council was passed following the Report of the Inquiry Commission of 1983 that enabled the Legislature Internal Economy Board to determine the salary for this position. In May 1997, the appointment of the present incumbent was made permanent with the salary to be determined by the Legislature Internal Economy Board within the Management Compensation Pay Plan at the Deputy Minister scale. Since that time a Deputy Minister Pay Plan has been created separate from the Management Compensation Pay Plan but at approximately the same level.

I am satisfied the action taken in 1997 is appropriate both as to the level of the position within the structure of the Public Service and the method by which an appropriate salary is affixed. In my opinion the salary and benefits provided for the Chief Legislative Counsel should continue in 2004 to be as determined by the Legislature Internal Economy Board and I recommend that he be paid within the Deputy Minister Pay Plan.

CONTINUITY IN OFFICE OF SPEAKER

It has been said that the office of Speaker is so important to the functioning of a Parliament or Legislature that, without a Speaker, the House cannot conduct any business. Election of a Speaker is the first matter attended to at the first sitting of a newly-elected Legislature.

Section 15 of the Nova Scotia House of Assembly Act provides that the Speaker holds office from election until the date of the next following general election or a new Speaker is elected, whichever first occurs. Effectively this creates a situation where the office is vacant from the date of a general election until the House meets following that general election.

Eight of the thirteen Canadian provinces and territories now provide that the Speaker's term in office continues until a new Speaker is elected or until the day before a new Speaker is elected. This provides for a desirable continuity in the office. While it is not within my terms of reference to recommend that Nova Scotia move to this situation, I believe it is desirable to do so and suggest that favourable consideration be given to bringing our province in line with the majority of other Canadian jurisdictions and many other Commonwealth Parliaments and Legislatures.

LEGISLATURE INTERNAL ECONOMY BOARD

The Legislature Internal Economy Board is a statutory board created by the Public Service Act. Its composition is determined by Section 77 of the Act:

> *The Legislature Internal Economy Board consists of the Speaker of the House of Assembly, the Government House Leader, the Chair of the Priorities and Planning Committee of the Executive Council, the Minister of Finance, the Deputy Speaker, the Chairman of the Government Caucus, one memebr from the caucus of the party of the Leader of the Opposition and one member from the caucus of the party of each leader of a recognized party as defined in the House of Assembly Act, such member to be chosen by each such caucus.*

The following are the members currently serving on the Board:

The Speaker (Chair)	Honourable Murray K. Scott
Minister of Finance	Honourable Peter Christie
Government House Leader	Honourable Ronald S. Russell, C.D.
Chair Treasury and Policy Board	Honourable Michael Baker, Q.C.
Chair Government Caucus	Mr. Brooke Taylor, M.L.A.
Government Deputy Speaker	Mr. Jim DeWolfe, M.L.A.
N.D.P. House Leader	Mr. Kevin Deveaux, M.L.A.
Liberal House Leader	Mr. Manning MacDonald, M.L.A.

By Section 78 of the Act the Speaker is the Chair of the Board. By invitation, the Chief Legislative Counsel serves as Secretary and the Director of Administration in the Office of the Speaker provides administrative assistance. The Board is obliged to prepare an estimate of its proposed actual and contingent expenditures on an annual basis and present the same to the House. The powers and duties of the Board are set forth in Section 80 of the Act:

> *All matters relating to the issuing of orders or requisitions, the passing of accounts and the general expenditure of moneys in connection with the House, other than members' indemnity, shall be dealt with and settled by the Board.*

Section 80 gives the Board broadly based powers with respect to the expenditures of money. Other than members' indemnity it has the authority to deal with and settle "*the general expenditure of moneys in connection with the House... .*"

The decisions of the Board are incorporated and recorded in the regulations it adopts. The regulations currently in effect are as appears in the Consolidation of Regulations for 2003 attached as Appendix G.

During the current year changes were made which provide for a higher postage allowance and allowance for travel within the constituency for members who represent constituencies which are geographically largest. This is appropriate as it is done in a graduated way based on the size of the constituency and in my opinion adequately addresses a concern expressed to me by one member on behalf of colleagues who represent larger constituencies.

Other recent changes provide for increases in the amounts paid to members for expenses incurred in leasing space, furniture, etc. for constituency offices and for increased payments to Committee and Board chairpersons. A payment of $500.00 to committee vice-chairs and substantial increases in payments to the House Leader, Deputy House Leader, House Leader of the Official Opposition, House Leader of the Recognized Party, party whips, and caucus chairpersons were also made.

Although these increases are substantial they do not bring payments to those who receive them out of line with amounts paid to their counterparts in other jurisdictions and are not unreasonable. I believe however that, barring unforeseen circumstances, it would behoove the Legislature Internal Economy Board to leave them unchanged for the remainder of the life of the current Legislature.

In previous years many young Nova Scotians acquired an excellent understanding of the Nova Scotia Legislature and current political issues through participation in the Legislature Internship Programme. The programme was discontinued in 1993 thus depriving a number of our young people of an opportunity to work closely with and assist MLAs while enhancing their own understanding of our democratic system. The non-partisan nature of the programme distinguished it from assistance available to members through the Caucus Offices.

I believe it would be worthwhile for the Speaker and members of the Internal Economy Board (or the Committee on Assembly Matters) to consider whether the benefits of re-instituting such a programme would outweigh the small cost which would be involved.

As a result of my study and examination of the existing Regulations, including the representations which have been made to me, my general conclusion is that the Board is responsive to the needs of the members, and thereby the House.

MEMBERS' RETIRING ALLOWANCES ACT

The Plan

A convenient summary of the provisions of the Plan is set forth in Appendix A of the actuarial valuation made by the consulting and actuarial firm Eckler Partners Ltd. as at December 31, 2003:

Brief Summary of Plan Provisions

Effective Date of the Act

January 1, 1969

Eligibility

The Plan is compulsory for each Member coincident with the day of the Members election to the Legislative Assembly.

Normal Retirement Date

The Normal Retirement Date of a vested Member shall be the later of the first day of the month following the 55th birthday and the date on which the Member ceases to be a Member of the Legislative Assembly.

Normal Retirement Pension

An annual pension payable in monthly instalments based on the following:
(a) 5% times Indemnity Service (up to 15 years) times 3 year final average Indemnity
(b) 5% times Expense Allowance Service (up to 15 years) times 3 year final average Allowance
(c) 5% times Executive Council Service (up to 15 years) times 3 year best average Executive Council Salary

Retirement While Still an Active MLA

Members who continue to be an active Member of the Legislative Assembly after age 55, may commence their pension upon attainment of age 71.

Early Retirement

A vested member who ceases to be a Member of the Legislative Assembly, may retire earlier than his Normal Retirement Date with a reduced pension, providing he has attained age 45. The amount of the pension reduction is one half of one percent fo

each month that early retirement precedes age 55, to a maximum of a 50% reduction.

Normal Form of Pension

Member with a Spouse and children:
A life annuity with a 66 2/3% survivor pension. Each child, under age 18, or who is under age 25 and in full-time attendance at a post-secondary institution, will receive 10% of the regular pension (to a maximum of 33 1/3%).

Member with children only or upon death of the surviving spouse:
A life annuity with a 66 2/3% survivor pension (total) paid to the children upon death of the member or death of the survivor while the children are under age 18 or under age 25 and in full-time attendance at a post-secondary institution.

Member without spouse or children:
A life annuity with a 50% pension payable upon the members death if dependents (other than a spouse or children) are surviving.

Death Benefit after Retirement

See Normal Form of Pension

Death Benefit Before Retirement

Payment of spousal and dependent pensions (same as Normal Form of Pension above) if member was vested. Spouse may elect an actuarially reduced pension if member had served in all or part of two General Assemblies, but less than 5 years. Otherwise, a refund of a member's required contributions with interest is payable to the deceased member's beneficiary.

Termination Benefit

In the event of termination of employment for reasons other than retirement or death, vested members will receive a deferred annuity commencing upon attaining eligible retirement age.

Non vested members receive a refund of their required contributions with interest.

Disability Benefits

The monthly benefit is 70% of monthly earnings to a maximum of $6000/month, payable to age 65. The qualifying period is 6 consecutive disabled months prior to age 65.

Employee Contributions

The required rate of contributions for members is 10% of basic indemnity, expense allowance, and Executive Council salary (if applicable). Contributions are paid for a maximum of 15 years.

Cost-of-living Adjustments

All immediate and deferred pensions are increased annually by a pension index to compensate for increases to the cost of living. The maximum annual increase in pension through application of the pension index is 6%.

Credited Service

Indemnity Service
All service to a maximum of 15 years for which pension contributions were made on behalf of a members basic indemnity allowance.

Expense Allowance Service
All service to a maximum of 15 years for which pension contributions were made on behalf of a members expense allowance.

Executive Council Service
All service to a maximum, of 15 years for which pension contributions were made on behalf of a members Executive Council salary.

Vesting

A member becomes vested with respect to his accrued pension once he has served as an MLA for at least five years during two or more General Assemblies.

The Account

Contributions made by members on taxable remuneration (indemnity and salary) are credited to the Members' Retiring Allowances Account as are matching provincial contributions and any additional provincial contribution required to fund the benefits earned. Allowances which under the Income Tax Regulations may be paid from a Registered Pension Plan are charged to this Account. Contributions made by members on the tax free allowance are credited to the Members' Supplementary Retiring Allowances Account as are provincial contributions in the amount required to fund the benefits earned. Allowances above those permitted by the Income Tax Regulations to be paid from a registered pension plan are charged to the Supplementary Account. The accounting records and financial statements reflect the two separate accounts.

Member Data

Records maintained by the Pension Services Group in the Department of Finance indicate that 51 active MLAs are accruing benefits, and one additional active member is receiving a pension thus not accruing benefits. The total number of retirees and surviving spouses receiving payments from the fund as of November 2003 is 100, this includes the one active MLA already receiving a pension. Four dependents were receiving pensions as of November 2003.

Actuarial Valuation

Actuarial valuations of benefits under the Members' Retiring Allowances Act are carried out periodically and provide an estimate of liabilities as at the valuation date, calculated on the basis of various assumptions with respect to pension plan costs and interest rates. The latest actuarial valuation as at December 31, 2003, was conducted by Eckler Partners Ltd., based on data as of October 31, 2003 projected to December 31, 2003.

The actuarial valuation projects liabilities for each member on the basis of service earned to that date and the projected average indemnities, allowances and salaries at the date of retirement.

The valuation indicates that the accounts had liabilities as follows:

Members' Retiring Allowances Account (Registered Account)	$ 16,361,900
Members' Supplementary Retiring Allowances Account (Supplementary Account)	$ 44,604,400
Total	$ 60,966,300

The valuation was based on the following key assumptions:

Interest Rate	6.17% per annum
Salary Escalation	3 % per annum
Cost of Living Escalation	3 % per annum

The following table shows the cost of benefits earned in each of the accounts and member and Provincial contributions to both.

Table 11
Contribution Analysis as at December 31, 2003

	Total	Registered Plan	Non-registered Plan
Current Service Cost	$2,328,900	$625,900	$1,703,000
Members' Contribution	$ 323,500	$238,700	$ 84,800
Province's Contribution	$2,005,400	$387,200	$1,618,200
Province's Contribution % Total	86.1%	61.9%	95.0%

The Account

The Department of Finance has provided me with audited financial statements which reflect the status of the Members' Retiring Allowances Account and the Members' Supplementary Retiring Allowance Account as at March 31, 2003. These statements appear as Appendix H.

Income Tax Implications

Members' contributions attributable to indemnity and salary are tax deductible but contributions based on the allowance for expenses are not tax deductible. The Pension Plan is subject to the requirements of the Income Tax Act (Canada) in respect of Registered Pension Plans. The result is that contributions made to the Plan by members qualify as a deduction from taxable income with the exception, as noted, of the contributions attributable to the non-taxable allowance for expenses. In addition the Registered Plan may not deliver Pension benefits greater than those established by the Income Tax Act.

MLA Pension Plans - Other Jurisdictions

The Members' Retiring Allowances Act of Nova Scotia is a contributory Defined Benefit Pension Plan. It is not integrated with the Canada Pension Plan. As previous Commissions have pointed out, there are two main types of Pension Plans, namely Defined Benefit Plans and Defined Contribution Plans:

Defined Benefit Plan - Under this type of plan, the benefit at retirement is calculated by means of a formula linked to salary and years of membership in the plan. This defines the Members' Retirement Allowances Plan and also the Public Service Superannuation Fund Plan.

Defined Contribution - Under this type of plan, employer and employee contributions are fixed in advance, generally as a percentage of salary, and are invested in a fund. At retirement a pension plan is purchased, based on

annuity rates at the time of purchase. This type of plan encompasses registered defined contribution plans, money purchase plans and group registered retirement savings plans.

Table 12 below is taken from previous Commission Reports and illustrates the advantages and disadvantages of each plan.

Table 12

Defined Benefit Plans	
Advantages	Disadvantages
• benefit based on fixed formula related to income before retirement • employees insulated from economic and financial risks, especially if plan fully indexed • efficient investment of funds through professional long-term investment	• risks of poor performance alocated to plan sponsor • plan members do not share in superior investment performance • plan members terminating before retirement may lose out (less of a concern in an indexed plan) • less advantageous to short-term employees • less transparency of costs, as this requires actuarial valuation, which depends on a number of actuarial assumptions

Defined Contribution Plans	
Advantages	Disadvantages
• employer cost fixed in advance • employee benefits from superior investment performance • generally more advantaageous to employees terminating before retirement • greater transparency of costs, as these are stated explicitly, without need for actuarial valuation	• employee bears economic and financial risks • pension as function of pre-retirement income can only be estimated and will fluctuate widely depending on financial conditions • rate of return tends to be lower than in defined benefit plans because of individual's lack of long-term horizon and retail-level investment

In September 2003 the Pension Services Group in the Nova Scotia Department of Finance completed a survey of members' coverage in the ten Canadian Provincial Legislatures and the Parliament of Canada. This reveals that Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, Quebec, Saskatchewan and the Federal Parliament have Defined Benefit Plans. Ontario has what is sometimes referred to as a Money Purchase Plan but it is in effect a non-contributory contribution plan. In Ontario the government contributes 5% annually of the remuneration paid to the Members and this is invested. Manitoba has an arrangement under which the members voluntarily contribute to a personal RRSP and the government matches the member's contribution at the rate of 7% per annum. British Columbia has a group RRSP under which a member's 9% of basic compensation contribution is matched by the government. Alberta has withdrawn completely from providing pensions for its members.

A copy of the Pension Services Group's Survey is attached as Appendix I.

Effective May 2003, the Members' Retiring Allowances Act was amended to increase the survivor pension payable from 60% to 66.67% for member deaths after May 2003, thus bringing the members' plan in line with the Public Service Superannuation Act in this respect.

Over the last number of years a number of people have interrupted or left careers in teaching or the public service to become MLAs. Some, however, do not remain as MLAs long enough to qualify for a pension under the Members' Retiring Allowances Act. Nor are they able to have their time as an MLA recognized in their previous pension plan.

I recognize that my mandate extends only to the Members' Retiring Allowances Act. Nonetheless the following suggestion is made to the respective authorities of the Teachers' Pension Plan and the Public Service Superannuation Plan for their consideration.

I propose that the applicable plan provisions be reviewed to ascertain if an amendment can be made to allow a former MLA who is not eligible for a pension or a deferred pension under the Members' Retiring Allowances Act be permitted to buy this service in his or her previous pension plan, subject to the payment of the appropriate amount into the teachers' or public serice pension plan and subject to whatever rules the Income Tax Act may impose on such transactions. Such a purchase would be in lieu of a refund of contributions from the Members' Retiring Allowances Account and may or may not require the payment of additional funds by the former Member, depending upon the requirements of the other plan. Where such a purchase is made, the former Member would not subsequently be permitted to reinstate this service in the Members' Retiring Allowances Account.

I believe Nova Scotia should continue to have a contributory Defined Benefit Pension for MLAs. The recommendations to link Members' remuneration with remuneration levels for federal Members of Parliament and the Premier's, Ministers' and Speaker's remuneration with that of the Chief Judge of the Provincial Court of Nova Scotia has the effect of increasing the overall level of remuneration, but is not intended to produce a proportionate increase in the value of the

pension benefit which will be earned after those recommendations become effective. Given the current rules of the pension plan, the proposed remuneration increases would significantly increase the value of future pension accruals. The timelines within which this report must be produced preclude the necessary work being done at this juncture to determine what changes may be required to the pension plan rules to avoid that unintended consequence.

Therefore I recommend that:

- Pension officials undertake a review of the pension plan rules for Members as soon as is practical after this report is issued. The objective of this review should be to determine the impact of the recommendations on the pension plan and to determine what changes should be made to ensure that the value of the pension benefit earned after implementation of the recommendations is approximately the same as the value before implementation. This review should look at the accrual rate under the pension plan. The age and service requirements for pension eligibility should remain unchanged. The specific changes should be subject to the approval of the Legislature Internal Economy Board and adopted either through the report of the next Commissioner or by Statute.

In my view, time is of the essence in carrying out this process.

CONCLUSION

I am grateful to all those who expressed their views and opinions by letter, E-mail, telephone, facsimile, oral or written submissions or even just in casual conversation. I believe all matters brought to my attention which are within the mandate of the Commission have been dealt with in the Report.

As I mention elsewhere, only two people appeared at the Public Hearing to present their views. It is essential that the manner by which the remuneration paid members and those who serve in positions in the executive branch of government is determined through an open and public process. Achievement of a level of pay that will attract talented men and women to offer their time and disrupt their careers to serve our Province is a very desirable goal.

After the salary recommendations for 2004 in this Report are implemented it is not a matter to be proud of that by comparison to other provincial and territorial jurisdictions in Canada, the remuneration our MLAs receive will continue to rank twelfth out of thirteen.

Providing small incremental increases annually is not an effective way of dealing with the situation. The Province's ability to pay must always be an important consideration but not the only one.

I hope that the long-range recommendations made in the Report will be seen as an effort to resolve what has until now been an intractable problem. Their implementation will bring the remuneration of MLAs to a level which will allow many more of our citizens to consider seeking elected public office, while allowing the financial impact to be factored into the budget process in the time between now and the next general election, whenever that may come.

It will make payment of salaries more transparent and would also make the annual appointment of a Commissioner to review MLA remuneration unnecessary.

Finally, I wish to thankfully acknowledge contributions and assistance made available by several people including:

Mrs. Nancy Kinsman	Secretary to the Speaker Secretary to the Commission
Mrs. Jocelyn Scallion	Director of Administration Office of the Speaker
Ms. Margaret Murphy	Legislative Librarian
Ms. Sandy Cook	Assistant Librarian

Mr. Gordon Hebb	Chief Legislative Counsel
Mr. Neil Ferguson	Legislative Counsel Deputy Clerk
Mr. Robert Jack	Director, Pension Services Department of Finance
Mr. Rob Ferguson	Manager, Payroll Services Department of Finance
Mrs. Lori Catalli Sonier	Clerk of the Legislative Assembly New Brunswick
Mr. Claude DesRosiers	Clerk of the Legislative Assembly Ontario
Mr. Nic Bouchet	Assistant Editor Commonwealth Parliamentary Association - London, United Kingdom

I thank all of them and all others who contributed in any way.

Appendix A

Inquiry into salaries and allowances

45 (1) The Speaker, after appropriate consultation, shall on or before the first day of October in each year appoint persons to make an inquiry and a report respecting the indemnities, allowances and salaries to be paid pursuant to this Act, the Executive Council Act and the Members' Retiring Allowances Act.

(2) The persons appointed pursuant to subsection (1) have all the powers and privileges and immunities of a commissioner pursuant to the Public Inquiries Act and shall complete their inquiry and deliver their report containing recommendations to the Speaker on or before the first day of December in the year in which they are appointed.

(3) The Speaker, upon receipt of the report containing the recommendations of the persons appointed pursuant to subsection (1), shall cause the recommendations to be implemented and they have the same force and effect as if enacted by the Legislature and are in substitution for provisions of this Act, the Executive Council Act and the Members' Retiring Allowances Act, as the case may be.

(4) The recommendations apply, from the first day of January immediately following the year in which the persons are appointed to make the report, until subsequently changed.

(5) Notwithstanding subsections (1) to (4),

(a) the Speaker shall not, in the year 2001, appoint persons pursuant to subsection (1); and

(b) for the year 2002, the annual indemnity and allowance for expenses to be paid pursuant to this Act and the salaries to be paid pursuant to this Act and the Executive Council Act shall be those amounts paid pursuant to this Act and the Executive Council Act for the year 2001 plus the average percentage increase in salary paid for the year 2001 to members of the Civil Service in the Management Compensation Pay plan.

(6) Notwithstanding subsections (1) to (4),

(a) the Speaker shall not, in the year 2002, appoint persons pursuant to subsection (1); and

(b) for the year 2003, the annual indemnity and allowance for expenses to be paid pursuant to this Act and the salaries to be paid pursuant to this Act and the Executive Council Act shall be those amounts paid pursuant to this Act and the Executive Council Act for the year 2002 plus the average percentage increase in salary paid for the year 2002 to members of the Civil Service in the Management Compensation Pay plan. R.S. (1992 Supp.), c. 1, s. 45; 2001, c. 47, s. 2; 2002, c. 34, s. 4.

Appendix B

The Speaker
House of Assembly
Nova Scotia

September 26, 2003

Mr. Arthur R. Donahoe, Q.C.
Unit 13
6770 Jubilee Road
Halifax, Nova Scotia B3H 2H8

Dear Art:

Please accept this letter as confirmation of your appointment as Commissioner pursuant to section 45 of the House of Assembly Act R.S.N.S. 1992 (c) (1), to make an inquiry and a report respecting indemnities, allowances and salaries to be paid in accordance with the House of Assembly Act, Executive Council Act and the Retired Members' Allowances Act.

I appreciate that you are willing to undertake this task and look forward to receiving your report on or before December 1, 2003 as required by the Act.

Yours sincerely,

Murray Scott, M.B.
Speaker

MS:nk

PO Box 1617, Halifax
Nova Scotia, Canada B3J 2Y3
Bus 902 424-5707 *Fax* 902 424-0526

Office of the Commission of Inquiry
on Remuneration of Elected Provincial Officials

Arthur R. Donahoe, Q.C.
Commissioner

November 24, 2003

Honourable Murray Scott, M.B.
Speaker
1st Floor
Province House

Dear Mr. Speaker:

I have been advised that certain information I require to complete my report as Comissioner of the Inquiry respecting indemnities, allowances and salaries to be paid in accordance with the House of Assembly Act, Executive Council Act and the Retired Members' Allowances Act will not be available in time for me to complete the report by December 1, 2003.

Accordingly, I request an extension in order to complete the work properly. I believe that I can finish the task by December 12, 2003 and ask that you extend the deadline until that date.

Yours very truly,

Arthur R. Donahoe, Q.C.
Commissioner

ARD:nk

Granville Level
Joseph Howe Building
1690 Hollis Street
P.O. Box 1617
Halifax, Nova Scotia B3J 2Y3
Bus 902 424-4403 Fax 902 424-0526
e-mail: donahoar@gov.ns.ca

55

The Speaker
House of Assembly
Nova Scotia

November 26, 2003

Mr. Arthur R. Donahoe, Q.C.
Commissioner
Commission of Inquiry on
Remuneration of Elected Provincial Officials
Granville Level
Joseph Howe Building

Dear Art:

Thank you for your letter of November 24, 2003 requesting an extension for completion of your report. I understand that you will require additional time to gather important information for the final report and I agree to extend the deadline until December 12, 2003.

Sincerely,

Murray Scott, M.B.
Speaker

MS:nk

cc: Mr. Brooke Taylor, MLA, Government Caucus Chair
Mr. Frank Corbett, MLA, NDP Caucus Chair
Mr. Wayne Gaudet, MLA, Liberal Caucus Chair

PO Box 1617, Halifax
Nova Scotia, Canada B3J 2Y3
Bus 902 424-5707 *Fax* 902 424-0526

Appendix C

Nova Scotia

COMMISSION OF INQUIRY

A Commission of Inquiry has been appointed to consider and report upon indemnities, allowances and salaries paid pursuant to the House of Assembly Act, the Executive Council Act, and the Members' Retiring Allowances Act.

This includes a review of salaries, expenses and pensions for MLAs, Cabinet Ministers and Party Leaders.

Written submissions may be sent before November 7, 2003 to:

Commission of Inquiry
Granville Level, Joseph Howe Building
P.O. Box 1617
Halifax, Nova Scotia B3J 2Y3
Telephone: (902) 424-4403
Fax: (902) 424-0526
E-mail: donahoar@gov.ns.ca

A Public Hearing will be held at Halifax in the Red Chamber, Province House on Wednesday, November 19, 2003 from 7:00 p.m. to 9:30 p.m. and, if required, at other locations in the Province.

Those wishing to make a submission at a public hearing should inform the Commission at the address above in writing, and include a name, address, e-mail address, and telephone number, where the person wishing to make the submission may be contacted concerning the times and dates of public hearings.

Arthur R. Donahoe, Q.C.
Commissioner

Appendix D

COMMISSION OF INQUIRY ADVERTISEMENT

Publication	Date (October)
Amherst Citizen	18
Amherst Daily News	15 & 16
Annapolis Spectator	21
Antigonish Casket	22
Berwick Register	22
Bridgewater Bulletin	22
Cape Breton Post	15, 16 & 18
Chronicle Herald/Mail Star	15, 16 & 18
Daily News	15, 16 & 19
Digby Courier	22
Evening News	15, 16 & 18
Guysborough Journal	23
Hants Journal	22
Inverness Oran	22
Kentville Advertiser	21
Le Courrier	22
Lighthouse Log (South Shore)	20
Liverpool Advance	22
Monitor Examiner	21
New Waterford Community P	20
Northside Community Press	22
Oxford Journal	22
Pictou Advocate	22
Port Hawkesbury Reporter	21
Shelburne Coast Guard	21
Springhill/Parrsboro Record	22
The Aurora	20
The Chester Clipper	22
The Coast	23
Truro Daily News	15, 16 & 18
Weekly Press (Enfield)	21
Yarmouth Vanguard	21

Appendix E

COMMISSION OF INQUIRY
ON
REMUNERATION OF ELECTED PROVINCIAL OFFICIALS

PUBLIC HEARING

Wednesday, November 19, 2003
7:00 to 9:30 p.m.
Red Chamber, Province House

Presentations:

7:00 p.m. - Dr. Ed Kinley

7:30 p.m. - Mr. Allen Taylor, President of the Network of Injured Workers Association (NIWA)

Appendix F

OCCUPATIONS OF MLAS PRIOR TO ELECTION

Business Men and Women	-	11
Teachers/Educators	-	8
Lawyers	-	7
Media	-	3
Accountants	-	2
Police Officers	-	2
Municipal Government (elected officials)	-	2
School Board (elected official)	-	1
Real Estate Agent	-	1
Land Surveyor	-	1
Office Manager	-	1
Cartographer	-	1
Farmer	-	1
Fisherman	-	1
Steel worker	-	1
Doctor	-	1
Paramedic	-	1
Social Worker	-	1
Safety Engineer	-	1
Insurance Broker	-	1
Minister (of religion)	-	1
Technician	-	1
Editor/researcher	-	1
Pilot (military)	-	1

Source: Nova Scotia Legislative Library

Appendix G

LEGISLATURE INTERNAL ECONOMY BOARD REGULATION

Consolidation of Regulations for 2003

Citation

1 This Regulation may be cited as *Internal Economy Board Regulation 2003.*

Authority

2 This Regulation is made by the Legislature Internal Economy Board pursuant to the *House of Assembly Act.*

Interpretation

3 (1) Unless otherwise stated, in this Regulation,

(a) "economy air fare" does not include expenses incurred for the private charter of aeroplanes;

(b) "recognized party" means a party that is represented by two or more members, is a recognized party in accordance with the *Elections Act*, had candidates standing for election for three quarters of the seats of members in the House and received ten per cent or more of the votes officially recorded in the latest general election of the members of the House; and

(c) other words, phrases and expressions have the same meaning as in the *House of Assembly Act.*

(2) For the purpose of subsections 7(6) and 22(1), (2) and (4), a member ceases to be a member at the end of the month in which

(a) the member dies or resigns; or

(b) an election is held for the member's electoral district if the member does not re-offer or is defeated.

(3) For the purpose of subsection 21(3), a person becomes a member at the beginning of the month in which the election, at which the person was elected, was held. *amended 2003A s. 2 effective January 1, 2003*

HOUSE INDEMNITY-ALLOWANCE-TRAVEL-EXPENSE

Indemnity, allowance and salary

4 (1) Each member of the House is entitled during the year to receive a member's indemnity and allowance in four equal instalments or, where the member so requests in writing of the Chairman of the Legislature Internal Economy Board, in twelve or twenty-six equal instalments, each instalment being paid at equally spaced intervals throughout the year.

(2) The Chief Clerk and the Sergeant-at-Arms are eligible to draw salary in the same manner as the members of the House of Assembly.

Outside member travel

5 **(1)** Subject to Section 28, each outside member, except the Premier or a member of the Executive Council having charge of a department or the Leader of the Opposition or a leader of a recognized party, is entitled to reimbursement for actual travelling expenses calculated in accordance with Section 29 and incurred during the year between the place where the outside member is ordinarily resident and the former City of Halifax to attend sittings of the House.

(2) Notwithstanding subsection (1), each member of the Executive Council who is an outside member and normally travels by motor vehicle on a daily basis between the Halifax-Dartmouth metropolitan area and the member's constituency in the capacity of a member of the Executive Council, is entitled to be reimbursed for travelling expenses by the shortest and most convenient route at the rate of per kilometre allowed by these regulations.

(3) Subsection (2) does not apply to

(a) a member of the Executive Council who is an outside member and who has been provided with a government-leased or government-purchased motor vehicle; or

(b) a member of the Executive Council who is an outside member and who leases premises for sleeping accommodation in the Halifax-Dartmouth metropolitan area.

(4) Notwithstanding subsection (1), if an outside member entitled to reimbursement pursuant to that subsection normally travels by motor vehicle on a daily basis between the Halifax-Dartmouth metropolitan area and the member's constituency to attend sittings of the House, the first trip made during a week that the House is sitting shall be counted as one of the fifty-two trips referred to in Section 28 and the member shall be reimbursed accordingly and for any additional trips made during that week to attend sittings of the House the member is entitled to be reimbursed for travelling expenses by the shortest and most convenient route at the rate per kilometre allowed for the public service.

(5) Subsection (4) does not apply to an outside member referred to in that subsection if the member leases premises for sleeping accommodation in the Halifax-Dartmouth metropolitan area.

Outside member allowance

6 **(1)** Each outside member, except the Premier or a member of the Executive Council having charge of a department or the Leader of the Opposition or a leader of a recognized party, is entitled for attending a sitting of the House to

(a) an amount of $65.00 on account of expenses, without receipts, for each day that the outside member is in attendance at the House while the House is in session; and

(b) reimbursement in addition to that authorized by clause (a) for expenses,

(i) with proper receipts for sleeping accommodation charges only, or

(ii) notwithstanding Sections 5 and 28, for travel by the shortest and most convenient route between the place where the outside member is ordinarily resident and the place where the House ordinarily sits at the rate set out in Section 29,

incurred in attending the House while it is in session to a maximum of $85.00 per day.

(1A) Notwithstanding subsection (1), the maximum of $85.00 per day does not apply to sleeping accommodation charges incurred before November 1, 2003.

(2) Notwithstanding anything contained in this Section, a member shall not submit a claim for travel more often than once every two weeks in respect of payments to be made pursuant to this Section. *amended 2003B s. 2 effective August 1, 2003*

Leased premises

7 **(1)** In this Section, "actual monthly rental expense" means the actual monthly rental expense as set out in the lease and includes expenses, with proper receipts, for furniture, telephone, utilities, appliances and incidentals.

(2) An outside member, other than the Premier or a member of the Executive Council having charge of a department or the Leader of the Opposition, who leases accommodation in the Halifax-Dartmouth metropolitan area, shall be reimbursed $1,300.00 per month or the actual monthly rental expense, whichever is the lesser.

(3) If two or more members are leasing the same premises pursuant to subsection (2), each member shall be reimbursed $1,300.00 per month, but under no circumstances shall reimbursement be made in excess of the actual monthly rental expense.

(4) If a member is reimbursed for leased premises pursuant to this Section, the member shall not be reimbursed for sleeping accommodation charges pursuant to Sections 6 or 23.

(5) No amount shall be paid to a member for any expense relating to the acquisition of any equity interest in a personal residence, including a condominium.

(6) A member may be reimbursed for leased premises pursuant to this Section for necessary termination expenses after the member ceases to be a member, but not exceeding the allowable reimbursement for three months. *amended 2003B s. 3 effective August 1, 2003*

Non-outside member and outside member of Executive Council allowance

8 Each non-outside member, and each outside member who is a member of the Executive Council or the Leader of the Opposition or a leader of a recognized party and not entitled to submit a claim pursuant to Section 6, is entitled to an amount of $65.00, without receipts, for expenses for each day that the member is in attendance at the House while the House is in session.

Committee and Board chairs

9 **(1)** The chair of each standing committee, each select committee and each special committee of the House and the Legislature Internal Economy Board is entitled to payment as follows:

(a) Committee on Assembly Matters, Law Amendments Committee and Public Accounts Committee - $3,000.00;

(b) all other committees of the House - $2,000.00;

(c) Legislature Internal Economy Board - $3,000.00.

(1A) The vice-chair of each standing committee, each select committee and each special committee of the House is entitled to payment of $500.00.

(2) If a payment is made pursuant to this Section to a member in the capacity of chair or vice-chair of a committee or the Legislature Internal Economy Board, no further payment may be made pursuant to this Section in respect of that position for the same six-month period unless there is an intervening general election.

(3) For greater certainty, if a payment is made pursuant to this Section to a member in the capacity of chair or vice-chair of a committee or the Legislature Internal Economy Board and the member ceases to hold that position before the end of the six-month period for which it was made, the payment shall not be pro-rated. *amended 2003B s. 4 effective July 1, 2003*

Committee expenses

10 **(1)** The chair and each member of each standing, select and special committee of the House and the Legislature Internal Economy Board for each day on which the chair and a member attends a meeting of a committee or the Board when the House is not sitting or the meeting is held outside the Halifax-Dartmouth metropolitan area is entitled to receive reimbursement for

(a) an amount of $65.00 on account of expenses, without receipts, for meals and other reasonable expenses incurred for the purpose of attending the meeting or actual expenses for meals and other reasonable expenses;

(b) actual expenses incurred in respect of accommodation; and

(c) travelling expenses calculated in accordance with Section 29.

(2) Sleeping accommodation charges incurred and claimed pursuant to subsection (1) shall

(a) be accompanied by proper receipts;

(b) not be for more than one night's accommodation; and

(c) not exceed the government rate for the establishment where the member stayed.

(3) Other expenses incurred pursuant to subsection (1) shall not be for more than two days.

House leaders, whips and caucus chairs

11 **(1)** A payment of $10,000.00 shall be made to the House Leader.

(2) A payment of $5,000.00 shall be made to the Deputy House Leader.

(3) A payment of $10,000.00 shall be made to the person recognized by the Speaker as occupying the position of House Leader of the Official Opposition.

(4) A payment of $10,000.00 shall be made to the person recognized by the Speaker as occupying the position of house leader of a recognized party.

(5) A payment of $5,000.00 shall be made to the whip of each recognized party of the House.

(6) A payment of $10,000.00 shall be made to the caucus chair of each recognized party of the House.

(7) *repealed*

(8) If a payment is made pursuant to this Section to a member in the capacity of House Leader, Deputy House Leader, House Leader of the Official Opposition, house leader of a recognized party, whip or caucus chair, no further payment may be made pursuant to this Section in respect of that position for the same six-month period unless there is an intervening general election.

(9) For greater certainty, if a payment is made pursuant to this Section to a member in the capacity of the House Leader, Deputy House Leader, House Leader of the Official Opposition, house leader of a recognized party, whip or caucus chair and the member ceases to hold that position before the end of the six-month period for which it was made, the payment shall not be pro-rated. *amended 2003B s. 5 effective July 1, 2003*

Instalment payments

12 A payment respecting a position referred to in Section 9 or 11 shall be paid in two instalments, after January 1st and July 1st, upon the Office of the Speaker being advised by the caucus chair of the holder of the position.

CAUCUS

Caucus offices

13 **(1)** In this Section, "member" does not include the Speaker, the Premier or other member of the Executive Council, the Leader of the Opposition or the leader of a recognized party.

(2) Each caucus office is entitled to $300,000.00 plus $40,000.00 times the maximum number of members the caucus has during the year for support services, including employment positions.

(3) *repealed*

(4) The salary component of the entitlement under this Section shall be adjusted in accordance with any salary increase given to the public service.

(5) For greater certainty, the sums referred to in this Section do not include the offices of the Leader of the Opposition or a leader of a recognized party. *amended 2003B s. 6 effective August 1, 2003*

Caucus and task force meetings

14 (1) Members of the Government Caucus, members of the caucus of the Official Opposition and members of the caucus of each recognized party are eligible for reimbursement, pursuant to subsections (3) and (4), for a maximum of four trips to attend caucus meetings held in the Province outside the former City of Halifax during the year.

(2) In lieu of each of one or more of the caucus meetings referred to in subsection (1), members of the Government Caucus, members of the Caucus of the Official Opposition and members of the caucus of each recognized party may be reimbursed in accordance with subsections (3) and (4) and Section 23 for a trip to attend a task force meeting anywhere within the Province where the task force meets in one location only and is for a maximum of two nights.

(3) A member attending a caucus meeting pursuant to subsection (1) or a task force meeting pursuant to subsection (2) is entitled to receive reimbursement for

(a) an amount of $65.00 on account of expenses, without receipts, for meals and other reasonable expenses incurred for the purpose of attending the meeting or actual expenses for meals and other reasonable expenses;

(b) actual expenses incurred in respect of accommodation; and

(c) travelling expenses calculated in accordance with Section 29.

(4) Sleeping accommodation charges incurred and claimed pursuant to subsection (3) shall

(a) be accompanied by proper receipts; and

(b) not exceed the government rate for the establishment where the member stayed.

Caucus chairs -- expenses

15 Where the chair of a caucus is an outside member, that member is entitled to claim and to be paid, in addition to any other expenses allowed the chair, the same allowance and reimbursement authorized for an outside member for twelve return trips between the place where the chair is ordinarily resident and the former City of Halifax.

LEADER OF OPPOSITION AND LEADER OF RECOGNIZED PARTY

Expenses within the Province

16 The Leader of the Opposition and the leader of a recognized party, in carrying out official duties within the Province, are entitled to be reimbursed for actual and reasonable expenses incurred for accommodation, meals, travel and incidentals incurred by the Leader or leader and one assistant.

Special travel

17 In addition to the entitlement authorized by Section 24, the Leader of the Opposition and the leader of a recognized party are entitled to be reimbursed for actual and reasonable expenses incurred for accommodation, meals, travel and incidentals incurred by the Leader or leader and one assistant in carrying out official duties outside the Province on two separate occasions during the year, subject to the restriction that on each occasion reimbursement shall not exceed expenses incurred for travel that includes more than three nights accommodation.

Living allowance

18 The Leader of the Opposition, as an outside member, shall receive an allowance equivalent to that provided pursuant to the *Executive Council Act* to members of the Executive Council for living expenses within the former City of Halifax.

Motor vehicle

19 The Leader of the Opposition and the leader of a recognized party are entitled to a leased motor vehicle on the same basis as is a member of the Executive Council for a government leased or purchased motor vehicle.

DEPUTY SPEAKER

Expenses respecting duties

19A Each deputy speaker is entitled to receive the sum of $4,000 in lieu of expenses incurred in carrying out duties as deputy speaker. *added 2003B s. 7 effective August 1, 2003*

INDEPENDENT MEMBER

Support services

20 (1) In this Section, "independent member" means a member who is not a member of a caucus that receives financial support pursuant to Section 13.

(2) An independent member shall be provided with

(a) office space not exceeding three hundred square feet;

(b) one secretary at the Civil Service classification AS(13);

(c) office furniture and equipment necessary to furnish and equip the office for the member and one secretary;

(d) one telephone line; and

(e) reasonable postage.

(3) If there is any question arising from subsection (2) in respect of the office of the independent member concerning

(a) the selection of space;

(b) the level of the secretary within the AS(13) classification;

(c) the selection or amount of furniture; or

(d) reasonable postage,

such question shall be determined by the Chairman of the Legislature Internal Economy Board.

(4) An independent member may incur and be reimbursed for long-distance telephone charges for telephone calls made from the office telephone in respect of House or constituency business.

CONSTITUENCY MATTERS

Franking and travel

21 **(1)** Each member of the House is entitled to receive $12,750.00

(a) in substitution for the franking privilege and in lieu of expenses incurred on account of postage; and

(b) in lieu of expenses incurred on account of travel within the member's constituency.

(2) Instead of the amount set out in subsection (1),

(a) the members for

(i) Guysborough-Sheet Harbour,

(ii) Inverness, and

(iii) Victoria-The Lakes,

are each entitled to receive $16,830.00;

(b) the members for

(i) Colchester-Musquodoboit Valley,

(ii) Cumberland South,

(iii) Digby-Annapolis, and

(iv) Queens,

are each entitled to receive $15,810.00;

(c) the members for

(i) Shelburne,

(ii) Colchester North, and

(iii) Annapolis,

are each entitled to receive $14,790.00; and

(d) the members for

(i) Hants East,

(ii) Cape Breton West,

(iii) Chester-St. Margaret's,

(iv) Pictou East,

(v) Argyle, and

(vi) Antigonish,

are each entitled to receive $13,770.00.

(3) The amounts payable pursuant to subsection (1) or (2) to a person who becomes a member during the year shall be reduced proportionally to the percentage of the year that the person may be a member. *amended 2003A s. 3 effective general election*

Services

22 **(1)** In this Section, "expenses" means expenses incurred by a member prior to the time a member ceases to be a member, or within three months after the member ceases to be a member, regardless of when the expense is to be paid by the member except that a member shall not be reimbursed for expenses incurred by a member prior to the time a member ceases to be a member, or within three months after the member ceases to be a member, if those expenses are required to be paid more than three months after the member ceases to be a member.

(2) Each member of the House is entitled to receive the sum of $700.00 per month in lieu of expenses incurred on account of services to that member's constituency and a further sum, net of sales tax, not exceeding $4,050.00 per month for expenses accounted for by proper receipt and incurred on account of services in that member's constituency for the provision of office space, meeting places, equipment, telephone, telephone answering services, advertising and secretarial services.

(3) Where the maximum amount that may be claimed pursuant to subsection (2) is not claimed in any month the unclaimed balance may be claimed in a subsequent month.

(4) Each member of the House is entitled to receive the sum of $10,700.00 per month in lieu of expenses incurred on account of services to that member's constituency and a further sum, net of sales tax, not exceeding $4,050.00 per month for expenses accounted for by proper receipt and incurred on account of services in that member's constituency in accordance with subsection (2) for three months after the member ceases to be a member.

(5) Expenses incurred for the lease or the lease-purchase of office furniture and equipment are expenses for which a member may be reimbursed pursuant to this Section.

(6) Notwithstanding anything contained in this Section, a member shall not submit more than one expense claim in a month in respect of all payments made pursuant to this Section for a month.

(7) Nothing contained in this Section means that the Office of the Speaker may not make a payment on account of expenses to the person directly performing the service on behalf of the member at the member's request. *amended 2003A s. 4 effective April 1, 2003 and 2003B s. 8 effective August 1, 2003*

Attendance at Halifax

23 (1) Subject to Section 28, each outside member, except the Premier or a member of the Executive Council having charge of a department or the Leader of the Opposition or a leader of a recognized party, is entitled to

(a) an allowance of $65.00 on account of expenses, without receipts, for each day; and

(b) reimbursement in addition to that authorized by clause (a) for travelling expenses calculated in accordance with Section 29 and expenses for sleeping accommodation charges incurred,

for return trips between the place where the member is ordinarily resident and the former City of Halifax to attend in Halifax other than to attend a sitting of the House or one of its committees.

(2) Sleeping accommodation charges incurred and claimed pursuant to subsection (1) shall

(a) be accompanied by proper receipts;

(b) not be for more than two nights accommodation unless approved in advance by the Chairman of the Legislature Internal Economy Board; and

(c) not exceed the government rate for the establishment where the member stayed.

Attendance at Ottawa

24 (1) Each member is entitled to

(a) an allowance of $80.00 on account of expenses, without receipts, for each day; and

(b) reimbursement in addition to that authorized by clause (a) for economy air fare, normal airline ground transportation and expenses for sleeping accommodation charges incurred,

for one return trip between the place where the member is ordinarily resident and the City of Ottawa to attend in Ottawa on constituency business.

(2) Sleeping accommodation charges incurred and claimed pursuant to subsection (1) shall

(a) be accompanied by proper receipts;

(b) not be for more than two nights accommodation; and

(c) not exceed the government rate for the establishment where the member stayed.

(3) The Chairman of the Legislature Internal Economy Board may permit reimbursement for an additional day and night if the total reimbursement would be less.

(4) The Government Caucus, the Official Opposition Caucus and the caucus of a recognized party may each designate a member to make two return trips or two members to each make one return trip to attend in Ottawa on constituency or caucus business and subsections (1) and (2) apply *mutatis mutandis* to each such trip. *amended 2003B s. 9 effective August 1, 2003*

Attendance outside the Province other than Ottawa

25 **(1)** Where a member is not reimbursed pursuant to Section 24 for a return trip between the place where the member is ordinarily resident and the City of Ottawa on constituency business, that member is entitled to

(a) an allowance of

(i) $100.00 in the case of travel outside Canada, or

(ii) $80.00 in the case of travel within Canada,

on account of expenses, without receipts, for each day; and

(b) reimbursement, in addition to that authorized by clause (a), for economy air fare, normal airline ground transportation and expenses for sleeping accommodation charges incurred,

for one return trip between the place where the member is ordinarily resident and another place in North America outside the Province to attend that other place on constituency business.

(2) Subsections 24(2) and (3) apply to reimbursement pursuant to this Section.

(3) Notwithstanding subsections (1) and (2), the member is not entitled to an amount pursuant to this Section for economy air fare charges in excess of that to which the member would have been entitled pursuant to Section 24. *amended 2003B s. 10 effective August 1, 2003*

Attendance at authorized parliamentary or legislative meetings

26 Each member is entitled to

(a) an allowance of

(i) $100.00 in the case of travel outside Canada, or

(ii) $80.00 in the case of travel within Canada,

on account of expenses, without receipts, for each day; and

(b) reimbursement in addition to that authorized by clause (a) for economy air fare, normal airline ground transportation and expenses for sleeping accommodation charges incurred if the sleeping accommodation charges are

(i) accompanied by proper receipts,

(ii) not for more than two nights accommodation, and

(iii) do not exceed the government rate for the establishment where the member stayed,

unless determined otherwise by the Chairman of the Legislature Internal Economy Board for return trips between the place where the member is ordinarily resident and another place to attend at that other place a meeting of the Commonwealth Parliamentary Association or a meeting of any other parliamentary or legislative group, if approval of the Chairman of the Legislature Internal Economy Board is obtained before incurring the expenses. *amended 2003B s. 11 effective August 1, 2003*

Expenses of critics

27 (1) Persons occupying the position of critic of a department or agency of Government are entitled to reimbursement for actual and reasonable expenses for accommodation, meals, travel and incidentals incurred by the critic for attending not more than two meetings per year within the Province which meetings are necessarily incidental to the duties of the critic, if approval of the Chairman of the Legislature Internal Economy Board is obtained before incurring the expenses.

(2) Reimbursement pursuant to subsection (1) is limited to three days and two nights for each meeting.

(3) In lieu of each of one or more of the caucus meetings referred to in subsection 14(1), members of the Government Caucus, members of the Caucus of the Official Opposition and members of the caucus of each recognized party may be reimbursed in accordance with this Section for a meeting referred to in subsection (1) if approval of the Chairman of the Legislature Internal Economy Board is obtained before incurring the expenses.

GENERAL

Restriction

28 Except as authorized by Section 5, no member shall be reimbursed for travel expenses authorized by Sections 5 and 23 in excess of fifty-two return trips in the year between the place where the member is ordinarily resident and the former City of Halifax to attend in Halifax, other than for attendance at a meeting of a select committee, a special committee or a standing committee. *amended 2003B s. 12 effective January 1, 2003*

Calculation of travel expense

29 Each outside member of the House, the Leader of the Opposition and a leader of a recognized party entitled under the *House of Assembly Act* to receive travelling expenses is enti-

tled to be reimbursed out of the Consolidated Fund of the Province for claimed travelling expenses incurred for travel by the shortest and most convenient route between the place where the member is ordinarily resident and the place where the House ordinarily sits or the Committee is meeting at

(a) 34¢ per kilometre; or

(b) the cost of economy air fare plus normal airline ground transportation.

Out-of-Province travel

30 Members of the House are entitled to reimbursement for health-insurance premiums for out-of-Province travel on House business, if such premiums are necessary to maintain coverage.

No recovery upon ceasing to be member

30A Where

(a) a member dies or resigns; or

(b) there is a general election during the year and a member does not re-offer or is defeated,

no recovery of any amounts paid to the member pursuant to this Regulation shall be made as a result of the member not being a member for the remainder of the year. *added 2003A s. 5 effective January 1, 2003*

Request for reimbursement

31 A person who makes a request for payment or reimbursement shall

(a) make the request in writing on the form provided by the Legislature Internal Economy Board;

(b) make the request within six months from the time the payment or claim for which reimbursement is made was incurred or became eligible to be paid;

(c) sign the request and certify that the request is correct; and

(d) forward the request to the Office of the Speaker.

Limitation on reimbursement

32 Notwithstanding anything contained in this Regulation, no member may claim for reimbursement an expense

(a) for which the member is reimbursed pursuant to another regulation or enactment;

(b) paid to the member's spouse, child, parent, brother or sister;

(c) paid to a person living in the same dwelling, as a member of the same household;

(d) paid to any business or on account of property in which the member or those persons mentioned in clause (b) or (c) have an ownership interest.

Payment approval

33 **(1)** Directions for payment of indemnities, allowances, payments or reimbursements and approval of requests for payment or reimbursement shall be issued or made by the Chairman of the Legislature Internal Economy Board, the Vice-chairman or a person designated by the Chairman.

(2) The person who approves a request for payment or reimbursement has the authority to reduce or increase the amount of the payment or reimbursement claimed where that person determines that the amount claimed is in error.

Application

34 This Regulation applies from January 1, 2003, to December 31, 2003.

CONSOLIDATED to September 23, 2003.

Honourable Murray Scott
Chairman

Appendix H

PROVINCE OF NOVA SCOTIA
ACCOUNTS ESTABLISHED UNDER THE MEMBERS' RETIRING ALLOWANCES ACT
FINANCIAL STATEMENTS
MARCH 31, 2003

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NOVA SCOTIA

Office of the
Auditor General

AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the Statement of Net Assets Available for Benefits and Accrued Pension Benefits of the accounts established under the Members' Retiring Allowances Act as at March 31, 2003, and the Statement of Changes in Net Assets Available for Benefits for the year then ended. These financial statements are the responsibility of the Department of Finance. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits of the accounts established under the Members' Retiring Allowances Act as at March 31, 2003 and changes in net assets available for benefits for the period then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, FCA
Auditor General

Halifax, Nova Scotia
June 6, 2003

PROVINCE OF NOVA SCOTIA
ACCOUNTS ESTABLISHED UNDER THE MEMBERS' RETIRING ALLOWANCES ACT
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AND ACCRUED PENSION BENEFITS AS AT MARCH 31, 2003

	2003	2002
NET ASSETS AVAILABLE FOR BENEFITS		
Receivable from the Consolidated Fund		
Members' Retiring Allowance Account	$ 16,822,836	$ 14,503,159
Less: Accounts payable and accruals	8,000	10,400
	16,814,836	14,492,759
Members' Supplementary Retiring Allowance Account	45,013,751	38,805,041
Less: Accounts payable and accruals	12,000	15,600
	45,001,751	38,789,441
	$ 61,816,587	$ 53,282,200
ACCRUED PENSION BENEFITS OBLIGATIONS		
Members' Retiring Allowance Account (Note 3)	$ 16,814,836	$ 14,492,759
Members' Supplementary Retiring Allowance Account (Note 3)	45,001,751	38,789,441
	$ 61,816,587	$ 53,282,200

Approved by:

Minister of Finance

(See accompanying notes to financial statements)

PROVINCE OF NOVA SCOTIA
ACCOUNTS ESTABLISHED UNDER THE MEMBERS' RETIRING ALLOWANCES ACT
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS IN THE MEMBERS' RETIRING ALLOWANCE ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2003

	2003	2002
Increase in Assets		
Interest	$ 1,214,381	$ 1,035,064
Contributions		
Members' – matched	221,256	220,752
Government – matched	221,256	220,752
Government – unmatched	142,497	30,588
Total increase in assets	1,799,390	1,507,156
Decrease in Assets		
Allowances (pensions)	840,352	811,867
Professional services	11,391	9,661
Total decrease in assets	851,743	821,528
Increase in Net Assets before Actuarial Adjustment	947,647	685,628
Actuarial adjustment (Note 3)	1,374,430	1,429,281
Increase in Net Assets after Actuarial Adjustment	2,322,077	2,114,909
Net Assets Available for Benefits at Beginning of Year	14,492,759	12,377,850
Net Assets Available for Benefits at End of Year	$ 16,814,836	$ 14,492,759

(See accompanying notes to financial statements)

PROVINCE OF NOVA SCOTIA
ACCOUNTS ESTABLISHED UNDER THE MEMBERS' RETIRING ALLOWANCES ACT
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS IN THE MEMBERS' SUPPLEMENTARY RETIRING ALLOWANCE ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2003

	2003	2002
Increase in Assets		
Interest	$ 3,247,892	$ 2,770,321
Contributions		
Members' – matched	71,244	71,248
Government – matched	71,244	71,248
Government – unmatched	1,378,365	1,096,839
Total increase in assets	4,768,745	4,009,656
Decrease in Assets		
Allowances (pensions)	2,160,904	2,087,658
Professional services	17,087	14,491
Total decrease in assets	2,177,991	2,102,149
Increase in Net Assets before Actuarial Adjustment	2,590,754	1,907,507
Actuarial adjustment (Note 3)	3,621,556	4,752,984
Increase in Net Assets after Actuarial Adjustment	6,212,310	6,660,491
Net Assets Available for Benefits at Beginning of Year	38,789,441	32,128,950
Net Assets Available for Benefits at End of Year	$ 45,001,751	$ 38,789,441

(See accompanying notes to financial statements)

PROVINCE OF NOVA SCOTIA
ACCOUNTS ESTABLISHED UNDER THE MEMBERS' RETIRING ALLOWANCES ACT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

1. Authority and Description of Plan

Members of the House of Assembly are entitled to receive allowances pursuant to provisions of the Members' Retiring Allowances Act. The Act, as amended November 25, 1993, establishes in the Consolidated Fund of the Province a Members' Retiring Allowance Account (a registered pension plan under the Income Tax Act) and a Members' Supplementary Retiring Allowance Account to which members and government contributions and interest are credited, and payments to pensioners and terminating members are charged. If at any time the balances of the accounts are insufficient to make required payments, an amount will be credited to the accounts from the Consolidated Fund.

Members contribute 10% of indemnities and salaries to the Members' Retiring Allowance Account, and 10% of allowances to the Members' Supplementary Retiring Allowance Account. The Province contributes an equal amount. The Province makes additional contributions to the accounts equal to the current service cost (annual cost of benefits accrued) less members' contributions and the Province's matching contributions. Contributions cease after 15 years. Pensions are paid on the basis of the average indemnities, allowances and salaries for the last three years, at the rate of 5% for each year for which contributions were made. As of November 25, 1993 there is no longer a minimum retiring allowance.

There are 52 Members of the Legislative Assembly. At year end, 48 were contributors to the accounts and the remaining four members had reached the 15 year maximum contributory service. There are also 105 allowances in pay at March 31, 2003 to former Members of the Legislative Assembly, surviving spouses and/or dependant children.

A member qualifies for benefits on ceasing to be a member after having served five years during two or more General Assemblies, and having attained age 55 (increased from age 50 as of November 25, 1993). Former members who qualify for a retiring allowance may make application for an actuarially reduced allowance as early as 45 years of age (increased from age 40 as of November 25, 1993). Retiring allowances are increased annually on January 1 by the lesser of the increase in the consumer price index or 6%.

2. Summary of Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. A statement of cash flow is not provided since disclosure in each of the statements of changes in net assets available for benefits is considered adequate.

PROVINCE OF NOVA SCOTIA
ACCOUNTS ESTABLISHED UNDER
THE MEMBERS' RETIRING ALLOWANCES ACT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

2. Summary of Significant Accounting Policies (Continued)

Contributions to the accounts are recorded when received and allowances and refunds are recorded in the accounts when paid. An amount representing interest on the balances in the accounts is calculated and credited to the accounts annually at a rate of 8.5% according to the regulations of the Members' Retiring Allowances Act.

3. Actuarial Valuation

Actuarial valuations of benefit obligations under the Members' Retiring Allowances Act are carried out periodically and provide an estimate of pension benefit obligations calculated using various economic and demographic assumptions, based on membership data as at the valuation date. The Plan's consulting actuaries, Eckler Partners Ltd., performed a valuation as at December 31, 2001 and issued their report in July 2002. An extrapolation of the December 31, 2001 valuation was performed as of March 31, 2003. The results of the valuation and related extrapolation are summarised as follows:

	Extrapolation March 31, 2003	Valuation December 31, 2001
Members' Retiring Allowance Account	$ 16,814,836	$ 14,353,000
Members' Supplementary Retiring Allowance Account	$ 45,001,751	$ 38,331,900

Actuarial adjustments were recorded to adjust the asset accounts to reflect the revised estimates of these actuarial values.

	Extrapolation March 31, 2003	Valuation December 31, 2001
Members' Retiring Allowance Account	$ 1,378,186	$ 1,472,662
Members' Supplementary Retiring Allowance Account	$ 3,614,737	$ 3,941,538

PROVINCE OF NOVA SCOTIA
ACCOUNTS ESTABLISHED UNDER
THE MEMBERS' RETIRING ALLOWANCES ACT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

3. Actuarial Valuation (Cont'd)

The actuarial valuation projects liabilities for each member on the basis of service earned to date and the employee's projected three year average indemnity, expense allowance and executive council salary (where applicable) at the expected date of retirement. The projected unit credit method was adopted for the actuarial valuation to determine the current cost and actuarial liability. The major economic and demographic assumptions used in the valuation are as follows:

	Extrapolation March 31, 2003	Valuation December 31, 2001
Investment earnings - pre-retirement rate	6.17%	7.05%
- post-retirement rate (Net of assumed pensioner cost-of-living increases per annum)	3.08%	3.93%
Salary escalation	3.0%	3.0%
Cost of living	3.0%	3.0%
Average retirement age	i) Age 55 if current age <51.25 ii) Current age +4.25 if 51.25≤ current age ≤57.25 iii) Later of current age + 0.25 or 5 years of service if current age ≥58.25	i) Age 55 if current age <50 ii) Current age +5.5 if 50≤ current age ≤56 iii) Later of current age + 1.5 or 5 years of service if current age ≥57
Mortality	1994 Group Annuitant Mortality Table projected to 2000	1994 Group Annuitant Mortality Table projected to 2000

4. Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statement presentation for this year.

Appendix I

Survey of Elected Officials Pension Coverage
September 2003

Questions:

1.	How long have pension arrangements been in place?
2.	Is plan funded?
3.	What are the various components of pensionable remuneration?
4.	Are there any other non-pensionable types of remuneration?
5.	What is the contribution rate for plan members and the Province?
6.	What is the pension benefit formula?
7.	What period is used to calculate average salary?
8.	What is the minimum service for a pension?
9.	What is the maximum service that can be credited?
10.	What is the earliest retirement (age and service) without penalty?
11.	What is the earliest retirement age with a reduction?
12.	What survivor benefits are available for MLAs?
13.	What is the post retirement indexing formula?
14.	How many members in the plan?

Survey of Elected Officials Pension Coverage
September 2003

Question # 1: How long have pension arrangements been in place?

Newfoundland	1975
Nova Scotia	January 1, 1954
Prince Edward Island	Old Plan 1971 - 1994, New Plan since July 1, 1994
New Brunswick	since 1968
Quebec	This plan since January 1, 1992, previous since February 21, 1958.
Ontario	Current Defined Contribution Plan: June 1995 Previous Defined Benefit Plan: 1921 - June 1995
Manitoba	Current arrangement since April 1995. Previous arrangement was a defined benefit plan.
Saskatchewan	September 1, 2002
Alberta	plan closed in 1993
British Columbia	Pension plan terminated in 1996. Now a group RRSP (since 1996).
Federal Government	Since November 1952

Survey of Elected Officials Pension Coverage
September 2003

Question # 2: Is plan funded?

Newfoundland	Yes, with deficiencies paid by Government as they arise.
Nova Scotia	No. Contributions go to Consolidate Revenues from which pensions are paid.
Prince Edward Island	Old Plan - yes New Plan: Basic - yes, supplemental is not funded
New Brunswick	No. Contributions go into General Revenue from which pensions are paid.
Quebec	No
Ontario	n/a
Manitoba	n/a
Saskatchewan	Yes and the SERP is unfunded.
Alberta	plan closed in 1993
British Columbia	Yes
Federal Government	Yes

Survey of Elected Officials Pension Coverage
September 2003

Question # 3: What are the various components of pensionable remuneration?

Newfoundland	Sessional indemnity: $46,085 Tax Free Travel: $23,044 Minister's salary: $48,276
Nova Scotia	Indemnity: $32,604.22 Tax free allowance: $16,302.11 Salary (Premier): $54,643.81 Salary (Minister, Leader of the Opposition, Speaker): $38,929.99 Salary (Deputy speaker, Leader of the recognized party): $19,470.77
Prince Edward Island	As of April 1, 2003: Indemnity: $35,967 Salary - Minister / Leader of Opp. $41,585 Premier $58,871 Speaker $31,186
New Brunswick	Sessional Indemnity: $40,696 Minister's Salary: $36,222 Premier's Salary: $54,331
Quebec	$78,886
Ontario	Base salary plus additional salary for position of added responsibility. Salary chart provided – APPENDIX A
Manitoba	$64,250 plus any additional indemnity as per attached APPENDIX B
Saskatchewan	Basic Rates (Eff April 1, 2003): Member salary: $63,540 Member allowance: $5,199 Opposition leader: $40,176 Speaker: $34,435 Deputy speaker: $11,478 Minister: $11,478 Deputy Premier: $45,916 Premier: $57,393 Deputy Whip: $4,591 Whip: $9,183
Alberta	plan closed in 1993
British Columbia	9% of basic compensation (as a taxable benefit offset by the RRSP receipt from the service provider)
Federal Government	Members of the House of Commons: $161,450 Senators: $136,450

Survey of Elected Officials Pension Coverage
September 2003

Question # 4: Are there any other non-pensionable types of remuneration?

Newfoundland	Parliamentary office holders eg. committee chairs, etc.
Nova Scotia	Salaries for House Leaders, Whips; per diems for committee chairs
Prince Edward Island	non-taxable allowance of $11,250 (non-pensionable)
New Brunswick	$15,000 non-accountable expense allowance and per diems for committee work, these are not pensionable earnings.
Quebec	Yes, related to specific functions.
Ontario	No
Manitoba	Expenses allowances
Saskatchewan	The non taxable allowance of $5,057 per annum.
Alberta	plan closed in 1993
British Columbia	No
Federal Government	Prime Minister, Minister of the Crown, Leader of the Opposition, Whip, Committee Chair, Party Leader, etc.

Survey of Elected Officials Pension Coverage
September 2003

Question # 5: What is the contribution rate for plan members and the Province?

Newfoundland	9%	9%
Nova Scotia	10%	10% plus an additional 296% of matching
Prince Edward Island	8% for basic portion; 0% for supplemental portion	Whatever is required to fund the normal costs of the participant's current accruals. The Supplemental benefits are paid out of Operating Fund of the Province.
New Brunswick	9% of sessional indemnity; 6% of Minister's salary	Matching plus annual deficit
Quebec	9% of the indemnity (max. $98,413)	Not funded
Ontario	zero	5%
Manitoba	up to 7% (voluntary) towards personal RRSP	matches member contributions
Saskatchewan	9% of taxable and non taxable remuneration by MLA.	9% up to the ITA maximum for government. Government creates a liability for contributions in excess of ITA max.
Alberta	plan closed in 1993	plan closed in 1993
British Columbia	9% of basic compensation towards group RRSP	9% of basic compensation towards group RRSP
Federal Government	7%	The level required to fund benefits as they are earned.

Survey of Elected Officials Pension Coverage
September 2003

Question # 6: What is the pension benefit formula?

Newfoundland	(1) For members elected after February 22, 1996, 5% for first 10; 2.5% for next 10 years; (2) For members elected on or before February 22, 1996, 5% for the first 10 years; 4% for next 4 and 2.5% for next 2 (Max 17) All members reduced for CPP at age 65 using a 0.6% offset factor.
Nova Scotia	5% x years & months of service to a maximum of 15 years
Prince Edward Island	Basic - 25% of employee's contributions, indexed at CPI to a max of 8%. Supplemental - 25% of employee's contributions, indexed at CPI to a max of 8%.
New Brunswick	4.5% per session 3.0% per year of ministerial
Quebec	No average salary is used. Members acquire a pension credit each year corresponding to a percentage (4%) of their indemnity (salary). Each year's credit accrues according to the CPI every January 1st until payment begins.
Ontario	n/a
Manitoba	n/a
Saskatchewan	n/a - all defined contribution
Alberta	plan closed in 1993
British Columbia	n/a
Federal Government	3% of best five-year average salary for each year of pensionable service

Survey of Elected Officials Pension Coverage
September 2003

Question # 7: What period is used to calculate average salary?

Newfoundland	Best 3 years
Nova Scotia	Indemnity & expense allowance - last 3 years salary - highest 3 years
Prince Edward Island	n/a - benefit derived from % of contribution
New Brunswick	3 years average sessional indemnity
Quebec	No average salary is used. Members acquire a pension credit each year corresponding to a percentage (4%) of their indemnity (salary). Each year's credit accrues according to the CPI every January 1st until payment begins.
Ontario	n/a
Manitoba	n/a
Saskatchewan	n/a
Alberta	plan closed in 1993
British Columbia	n/a
Federal Government	Best five years

Survey of Elected Officials Pension Coverage
September 2003

Question # 8: What is the minimum service for a pension?

Newfoundland	5 years and elected twice
Nova Scotia	5 years and elected twice
Prince Edward Island	Basic - immediate vesting Supplemental - 5 years and elected twice
New Brunswick	8 sessions
Quebec	no minimum
Ontario	5 years, age 55
Manitoba	n/a
Saskatchewan	age 50 and 1 year of service
Alberta	plan closed in 1993
British Columbia	n/a
Federal Government	six years as a member

Survey of Elected Officials Pension Coverage
September 2003

Question # 9: What is the maximum service that can be credited?

Newfoundland	20 years (17 if elected on or before February 22, 1996)
Nova Scotia	15 years
Prince Edward Island	No limit
New Brunswick	no maximum
Quebec	Following January 1, 1983, 25 years of service.
Ontario	n/a
Manitoba	n/a
Saskatchewan	n/a
Alberta	plan closed in 1993
British Columbia	n/a
Federal Government	Under the registered plan portion of the pension arrangement, 25 years. No limit on accrual under RCA portion.

Survey of Elected Officials Pension Coverage
September 2003

Question # 10: What is the earliest retirement (age and service) without penalty?

Newfoundland	Age + service = 60 (55 for premier)
Nova Scotia	Age 55 + 5 years & elected twice
Prince Edward Island	Basic: age 60; rule of 80 Supplemental: age 55; rule of 70
New Brunswick	8 sessions and age 60
Quebec	Age 60, no service requirement.
Ontario	55
Manitoba	n/a
Saskatchewan	n/a
Alberta	plan closed in 1993
British Columbia	n/a
Federal Government	Age 55 and six years of service as a member.

Survey of Elected Officials Pension Coverage
September 2003

Question # 11: What is the earliest retirement age with a reduction?

Newfoundland	N/A
Nova Scotia	age 45 - ½% reduction for every month prior to age 55 (not less than 50%)
Prince Edward Island	Basic: age 50 with 30% reduction Supplemental: age 50 with 30% reduction
New Brunswick	8 sessions any age, age 55 (5% per year reduction)
Quebec	1% between age 55 and 60 2% between age 50 and 55 3% before age 50
Ontario	n/a
Manitoba	n/a
Saskatchewan	n/a
Alberta	plan closed in 1993
British Columbia	n/a
Federal Government	n/a

Survey of Elected Officials Pension Coverage
September 2003

Question # 12: What survivor benefits are available for MLAs?
(a) Death in service?
(b) Death after retirement?

Newfoundland	a) Currently, greater of 60% of accrued benefit or 25% of salary and 1/6 of amount payable to spouse, payable to each child. b) Same as death in service These provisions will hopefully be amended during the upcoming fall session to provide for the payment of commuted value in the event of death in service.
Nova Scotia	a) 66 2/3% to spouse b) 66 2/3% to spouse
Prince Edward Island	a) 60% to spouse b) 60% to spouse
New Brunswick	a) Refund of contributions + interest or 50% of unreduced pension amount if 8 sessions or more of service. b) 50% of member's pension
Quebec	Payable to the spouse: 60% of the pension in payment or of the pension that would have been payable + 10% for each child.
Ontario	pre-retirement: accumulated capital, tax deferrable per the ITA post-retirement: 60% survivor unless waived per Ontario Pension Benefits Act
Manitoba	Voluntary group life insurance of up to 5 times remuneration, reducing with age.
Saskatchewan	a) accumulated asset in defined contribution plan and accumulated liability in SERP b) dependent on retirement income vehicle chosen - eg. annuity, prescribed RRIF etc.
Alberta	plan closed in 1993
British Columbia	a) $221,400 Group Life Insurance b) NIL
Federal Government	In both circumstances, the survivor of a member with at least six years of service as a member receives an allowance equal to 60% of the allowance that was or would have been payable to the member.

Survey of Elected Officials Pension Coverage
September 2003

Question # 13: What is the post retirement indexing formula?

Newfoundland	no post retirement indexing provided
Nova Scotia	Full CPI max 6% (min 1%; if CPI < 1% carry forward to next year)
Prince Edward Island	CPI minus 2% to a max of 8%
New Brunswick	CPI to a maximum of 6%
Quebec	• fully indexed for years of service before 1983 • indexed at COLA minus 3% for years 1983 and after On the other hand if a member quits but does not cash his pension when leaving, his pension credits are fully indexed up to the time CARRA will start paying him or her, his or her pension.
Ontario	n/a
Manitoba	n/a
Saskatchewan	n/a
Alberta	n/a
British Columbia	n/a
Federal Government	

Survey of Elected Officials Pension Coverage
September 2003

Question # 14: How many members in the plan?

Newfoundland	48
Nova Scotia	52
Prince Edward Island	New Plan: 25 active; 6 deferred; 13 pensioners Old Plan (Frozen): 8 deferred; 72 pensioners
New Brunswick	55 Actives, 94 Pensioners
Quebec	125
Ontario	103 MPPs, 3 are age 69 or older and are no longer able to contribute to a pension plan
Manitoba	57
Saskatchewan	58 active contributors and 46 deferred as at August 31, 2003
Alberta	plan closed in 1993
British Columbia	77 out of 79 elected members are in a group RRSP. Remaining two are 70 years of age or older and receive the 9% equivalent of contribution as an addition to their basic salary.
Federal Government	As at March 31, 2000, there were 301 mps , 98 senators and 390 retirees.

Survey of Elected Officials Pension Coverage
September 2003

APPENDIX a

Legislative Assembly of Ontario
REMUNERATION AND ALLOWANCES (As of April 2003)

April 1, 2003 Salary	Base pay	Additional / Ministerial	Accumulated Total
Premier	85240	67595	152835
Cabinet Ministers with Portfolio	85240	36057	121297
Cabinet Ministers without Portfolio	85240	16366	101606
Parliamentary Assistants	85240	12189	97429
The Speaker	85240	26595	111835
Deputy Speaker and Chair of the Committee of the Whole House	85240	12616	97856
Deputy Chairs of the Committee of the Whole House	85240	9291	94531
Chairs of Standing and Select Committees	85240	11934	97174
Vice-Chairs of Standing and Select Committees	85240	6819	92059
Chief Government Whip	85240	15599	100839
Deputy Government Whip	85240	10655	95895
Each of not more than 3 Government Whips	85240	7672	92912
Leader of Official Opposition	85240	47052	132292
Leader of Party with recognized Membership of 8 or more in the Assembly	85240	30431	115671
House Leader of Official Opposition	85240	15599	100839
Deputy House Leader of Official Opposition	85240	7672	92912
House Leader of Party with recognized Membership of 8 or more in the Assembly	85240	13297	98537
Deputy House Leader of Party with recognized Membership of 8 or more in the Assembly	85240	6990	92230
Chief Whip of Official Opposition	85240	11934	97174
Each of not more than 2 Official Opposition Whips	85240	7672	92912
Chief Whip of Party with recognized Membership of 8 or more in the Assembly	85240	10740	95980
Whip of Party with recognized Membership of 8 or more in the Assembly	85240	6990	92230
Government Caucus Chair	85240	10655	95895
Official Opposition Caucus Chair	85240	10655	95895
Caucus Chair of Party with recognized Membership of 8 or more in the Assembly	85240	9632	94872
Members of the Legislative Assembly	85240		

Survey of Elected Officials Pension Coverage
September 2003

APPENDIX b

Manitoba Civil Service Superannuation Board
REMUNERATION AND ALLOWANCES (As of April 2002)
PART 1 - REMUNERATION

ALL MLAs Annual Basic Indemnity	$64,250.00
THE PREMIER Additional Annual Indemnity	$45,487.00
CABINET MINISTERS Additional Annual Indemnity	$28,432.00
CABINET MINISTERS WITHOUT PORTFOLIO Additional Annual Indemnity	$22,745.00
LEADER OF THE OFFICIAL OPPOSITION Additional Annual Indemnity	$28,432.00
THE SPEAKER Additional Annual Indemnity	$23,882.00
THE DEPUTY SPEAKER Additional Annual Indemnity	$7,962.00
DEPUTY CHAIRPERSON OF COMMITTEES OF THE WHOLE HOUSE Additional Annual Indemnity	$5,688.00
GOVERNMENT HOUSE LEADER Additional Annual Indemnity	$7,962.00
GOVERNMENT WHIP Additional Annual Indemnity	$5,688.00
OFFICIAL OPPOSITION HOUSE LEADER Additional Annual Indemnity	$5,688.00
OFFICIAL OPPOSITION WHIP Additional Annual Indemnity	$4,551.00
LEADER OF OTHER RECOGNIZED PARTIES Additional Annual Indemnity	$22,745.00
OTHER OPPOSITION HOUSE LEADER Additional Annual Indemnity	$4,551.00
OTHER OPPOSITION WHIP Additional Annual Indemnity	$3,414.00
LEGISLATIVE ASSISTANT Additional Annual Indemnity	$3,414.00
PERMANENT CHAIRPERSON - STANDING OR SPECIAL COMMITTEES Rate of $146.00 per meeting to an annual maximum of	$3,414.00
PERMANENT VICE-CHAIRPERSON - STANDING OR SPECIAL COMMITTEES Rate of $146.00 per meeting to an annual maximum of	$2,845.00